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## NEWS SUMMARY

### GENERAL

#### Afghan rebels form alliance

Six leading Afghan guerrilla groups yesterday agreed to form a "Islamic Alliance for the Liberation of Afghanistan". The groups asked the Moslem foreign ministers meeting in Islamabad to grant them observer status at the conference.

Saudi Arabia is understood to have called for a ban on exports of oil and petrochemicals by members of the Islamic Conference to the Soviet Union and those supporting its military action in Afghanistan. The proposal has not been accepted, but Saudi Arabia is also believed to favour giving support to the Afghan guerrillas. **Back Page: Pressure for W. German Olympics boycott.**

### Street clashes

Four people were injured and 17 arrested in street clashes during a Provisional Sinn Féin demonstration in Birmingham. A policeman was taken to hospital with a back injury.

### Iran optimism

Hopes rose for solving the crisis of the U.S. hostages in Iran after Abolbassan Bani-Sadr, who won Iran's presidential elections, said he would try to end the affair in a way which safeguarded the demands and independence of his country. **Back Page: Bani-Sadr profile, Page 2**

### Potholes found

Three potholes were found alive 24 hours after they went missing at Pippin Pot near Kirby Lonsdale in the Yorkshire Dales. The men were members of a party from Kingston upon Thames Polytechnic.

### Border confusion

The land border between Israel and Egypt opened amid confusion, and contradictory orders. Most travellers trying to cross into Egypt were turned back because they did not have entry visas - an abnormal requirement. Page 2; also U.S. negotiator in Cairo.

### Killer cyclone

Nine people were killed and 6,000 made homeless on the French Indian Ocean island of Réunion by Cyclone Hyacinthe.

### Second 'quake

A second earthquake in less than three days rocked the San Francisco area in California, causing power cuts, but no major damage or casualties. It measured 5.6 on the Richter scale.

### Hostages freed

All 135 hostages held for 19 hours by two South Korean deserters at a Seoul hotel were freed after one of the gunmen critically wounded his companion and surrendered.

### Renault win

Rene Arnoux of France in a Renault won the Brazilian Formula One Grand Prix motor race. Elio de Angelis of Italy in a Lotus was second, and Austrian Alan Jones in a Williams third.

### Briefly

**Kampuchea's ousted Khmer Rouge Government** accused Vietnam of killing 17 people with toxic chemicals in air attacks.

Four air force personnel were executed in Tabriz for plotting to separate East Azerbaijan province from Iran.

Film star Dustin Hoffman won a Hollywood Golden Globe award for the best dramatic actor of 1979, but said "awards are very silly."

### BUSINESS

#### European Monetary Fund proposed

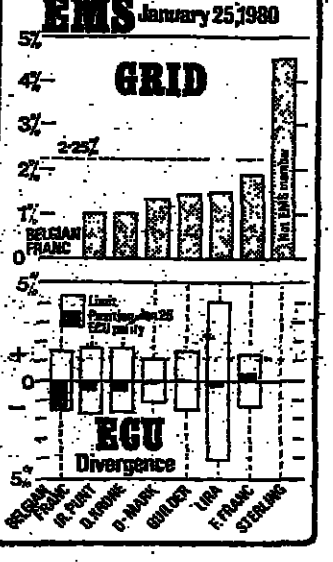
EUROPEAN Monetary System proposals being discussed by EEC countries and their Central Banks include a fund with powers of liquidity creation and wide-ranging monetary and exchange rate responsibilities. **Back Page**

ITALIAN LIRA gained ground against its partners in the European Monetary System last week, and on Friday there was a strong demand for Italian Treasury bills at the monthly auction.

The lira, Dutch guilder and Danish krone, which remained the strongest EMS currencies, showed a slight improvement towards the end of the week on speculation about a possible rise in Denmark's bank rate soon.

The Irish punt remained weak, level with the krone, but a little ahead of the Belgian franc. Foreign exchange trading was generally quiet, and there was no heavy pressure on the Belgian currency, which stayed at the bottom of the system.

### EMS January 25, 1980



The chart shows the two constraints on the European Monetary System exchange rates. The upper grid, based on the weighted currency index of the system, defines the cross-rates from which no currency (except the lire) may move more than 2% per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

### SOVIET ECONOMY

has suffered its worst year since World War II. **Page 2**

### Hopes for ICI protein plant

ICI's £40m plant for making protein from natural gas may run for the first time at Billingham this week. **Back Page, Page 12**

### GRAHAM FERGUSON

LACEY is negotiating to buy Gulf Fisheries 19 per cent stake in Lorn, 40-45m shares worth £40.5m. **Page 14**

### FT GROCERY Prices Index

for January rose by 1.5 per cent to 120.47. Fresh food and vegetable prices were lower than expected. **Page 4**

### ELECTRICITY

supply engineers have been awarded an additional 2.4 to 6.5 per cent pay by an arbitration tribunal, bringing the settlement for 27,000 workers to an average 26.95 per cent. **Page 7**

### NATIONAL Enterprise Board

reaffirmed its continued support for Insac Products, its computer software subsidiary. **Page 4**

### KODAK films

and photographic paper prices go up by between 10 and 80 per cent today, following the rise in cost of silver. **Page 4**

## Thousands of steel men may defy court ban on strike

BY GARETH GRIFFITHS AND MICHAEL CASSELL

THOUSANDS OF steel workers in the private sector are expected to continue to strike today after walking out yesterday in spite of a Court of Appeal ruling that they should not take industrial action.

The Iron and Steel Trades Federation is to ask the House of Lords today for leave to appeal to it against the ruling by Lord Denning, Master of the Rolls, and two other Appeal Court judges.

The TUC has indicated that it would be prepared to finance the cost of the federation's appeal as it did for the National Union of Journalists in the case of Express Newspapers versus McShane, which was the most recent test of trade union immunity from the law. In that case the Lords ruled in favour of the union's right to take

secondary industrial action.

The ISTC executive is likely to meet tomorrow to discuss their response to the Appeal Court's judgement. It has forbidden be sympathetic strike by 20,000 private steel workers and also the picketing of steel supply movements in and out of the country.

Mr. Bill Sims, the federation's general secretary, said he was prepared to obey the law as it stood but union members were still under instructions to strike until the executive changed its mind. It is likely that the executive intends tomorrow to reverse its decision over the strike in the private steel companies. However, it is uncertain what the response of the private sector members will be to the new advice.

There were suggestions last night that Lord Denning's decision had angered some of those workers in the private sector who had been reluctant to join the strike.

Yesterday the response of private sector workers to the ISTC instructions to strike was mixed. In Sheffield and the Midlands, many workers stayed at home, but two of the four private steel mills in Wales remained open.

Lord Denning's judgment. **Page 4**  
Justinian. **Page 8**

Leaders of seven craft and two general unions representing 70,000 workers but not including the largest, the ISTC, met British Steel Corporation negotiators last night. The talks were resumed from Thursday's discussions at the Advisory, Conciliation and Arbitration Service.

The legal ruling on Saturday has added a new dimension to the four-week strike. It could have a strong influence on the TUC's attitude to consultations with the Government about its proposed legislation on trade union immunities.

Mr. Len Murray, TUC general secretary, said last night he shared the ISTC's grave concern over Lord Denning's ruling. I had "profound implications for the trade union movement" and it

Continued Back Page

### Plan to amend Bill

The Government hopes to take urgent steps to amend the Employment Bill now before Parliament to clear the confusion over trade union immunities following Lord Denning's Court of Appeal judgment for the private steel companies. **Back Page**

stage, which is due to start shortly remains uncertain. The alternative would be to introduce fresh legislation in the next Parliamentary session, but Ministers accept that such a delay would be politically highly dangerous.

There was some confusion in Whitehall departments yesterday as Ministers and their advisers had not been able to study the full court transcript.

## Public spending cuts may be held to £1bn. this year

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

CUTS IN specific public spending programmes being discussed by the Cabinet may not amount to more than £1bn to £1.5bn at most in 1980-81, but reductions could be much larger in later years.

However, the Government assumes in its Budget calculations that substantial savings in the volume of public expenditure in 1980-81 will be achieved through the tight application of cash limits, and that this will play a major part in holding down public sector borrowing.

This would be in addition to specific programme cuts where the likely total includes an assumed £350m from reductions in the UK's net contributions to the EEC budget, already offered.

The likely total of cuts contrasts with the £2bn target in 1980-81 which Mrs. Margaret Thatcher, the Prime Minister, earlier this month said she would be "quite pleased" to achieve.

The difference is largely, though not entirely, because this target included big savings from payments to the EEC and it now looks improbable that further savings will be agreed

before the Budget. The limitations on securing further large-scale domestic cuts in 1980-81 because of forward commitments have also been recognised by the Cabinet.

There has been a clear desire over the last week to play down extravagant expectations for 1980-81 while emphasising the Government's determination to reduce spending in the following few years to well below the level in 1978-79.

The Cabinet is due to have a further discussion on the issue on Thursday and it is hoped that most of the decisions will be completed then. The largest contribution will come from housing (subsidies on council rents and capital investment) and from social security (notably by changes in the linking of short-term benefits to the inflation rate).

In addition, smaller amounts will be cut from the budgets of departments such as education and sales of public sector assets will be larger than the £300m total for 1980-81 proposed last November.

The full spending White Paper is unlikely to be published until the third week of March,

about a week before the Budget on March 26.

But to avoid probably inevitable leaks in the interim, ministers are considering whether individual departments should make a series of announcements, partly to inform local authorities and others of the changes. The main alternative is a Treasury statement summarising the decisions ahead of the White Paper.

The distinction between a cash limits squeeze and specific programme cuts is that the former involves a hidden or back-door reduction in volume decided by programme managers and local authorities while the latter involves an explicit decision on priorities by the Cabinet.

A generalised cash limits squeeze on volume is likely in 1980-81 because the pay and price increases of 14 per cent assumed in fixing the limits will probably be lower than the actual rise in costs expected for the period. The inflation assumptions were disclosed in a leaked Treasury letter published in the Press earlier this month.

Debits over spending cuts strategy. **Page 4**

## Welsh stoppage 'backed by 1/4m'

By Robin Reeves, Welsh Correspondent

THE WALES TUC is predicting that about 250,000 trade unionists will take part in today's unprecedented Welsh "day of action" called to protest at the threatened rapid rundown of the steel and coal industries in South Wales.

More than 100,000 workers are pledged to stage a 24-hour stoppage. Coalminers, railwaymen, dockers, bus and haulage drivers will be joining the 40,000 Welsh steelworkers who have been on strike for the past month over the national pay claim, severely disrupting transport services in the region.

But Wales TUC officials say they have been "absolutely astonished" by the influx of promises of supporting action from trade union members not directly involved.

"We are confident that a quarter of a million people will now be either on strike or staging shorter stoppages or protest meetings," Mr. David Jenkins, the Wales TUC's administrative officer said yesterday.

The Wales TUC is demanding a two-year postponement of British Steel's latest plans for cuts and a halt to the increase in cheap coking coal imports to allow Wales a breathing space to deal with the economic consequences of the rundown. It also wants British Steel's top management replaced by a caretaker management and an inquiry into the corporation's commercial policies.

Because of the pressure building up in Wales, British TUC leaders are seeking a meeting with senior Government Ministers to try to secure a watering down of the plan to make another 52,000 steelworkers redundant by next August. If the Government does not agree, the Welsh steel, coal and transport unions are pledged to begin an all-out strike from March 10.

The main focus of today's 24-hour protest will be a mass march and rally in Cardiff addressed by Mr. Michael Foot, deputy leader of the Opposition. Mr. Bill Sils, general secretary of the Iron and Steel Trades Confederation, Mr. Laurence Daly, general secretary of the National Union of Mine-workers, and Mr. George Wright, general secretary of the Wales TUC.

## Mugabe asks whites to 'stay in Rhodesia'

BY BRIDGET BLOOM AND MARK WEBSTER IN SALISBURY

MR. ROBERT MUGABE, leader of the guerrilla party ZANU (PF), struck a studiously moderate tone on his return to Rhodesia yesterday after five years of exile. He appealed to whites to remain in the country. Before addressing a rally at which he was given a tumultuous welcome by a crowd estimated at 150,000 to 200,000, Mr. Mugabe told an airport press conference his aim was peace and the establishment of a democratic society in which there would be no racial or colour discrimination.

Mr. Mugabe repeated the theme at the end of his mass rally, during which he spoke mostly in Shona. But he appealed in English to white Rhodesians to "stay with us, please remain in this country and constitute a nation based on national unity."

The guerrilla leader was met at the airport only by his top officials. This reception from his African supporters—which was as big as if not bigger than that accorded to his former co-leader of the patriotic front, Mr. Joshua Nkomo, two weeks ago—took place primarily for security reasons at the Zimbabwe grounds, five miles from both the airport and Salisbury town centre.

Mr. Mugabe was notably conciliatory on a future ZANU government's policy towards South Africa. ZANU did not like apartheid and would work against it in organisations like the Organisation of African Unity, but co-existence, including continuation of trade, was essential.

At his Press conference Mr. Mugabe spoke of the need for integrating all the armed forces in Rhodesia. His party would propose the immediate establishment of a committee to work out how a national army could be formed.

The existence of four virtually separate armies—the two guerrilla armies, the Rhodesian regular forces and the auxiliary forces—is seen by many observers as potentially the most serious source of instability in the immediate future.

To the evident relief of all here, including the ZANU leadership, the three-hour rally passed off peacefully, though at one stage an incident apparently involving a non-ZANU supporter, who some observers said was armed with a pistol, threatened to develop into an ugly incident. People beat the man with sticks, fists and boots only yards from Mr. Mugabe's official stand.

South Africans to leave Beit Bridge. **Page 2**

Bridge. **Page 2**

### Armed forces

"Lord Carrington and Mrs. Thatcher assured Mr. Nkomo and me at Lancaster House that the elections would be free and fair. I hope Lord Soames' action here doesn't mean there has been a change in British thinking."

Commenting on the weekend announcement from Pretoria and London that South Africa's 150-strong contingent of troops at Beit Bridge was soon to be withdrawn, he said even if the unit left, it would not be a complete pull-out. He alleged that at least 3,000 South African soldiers would remain, possibly integrated into the Rhodesian forces.

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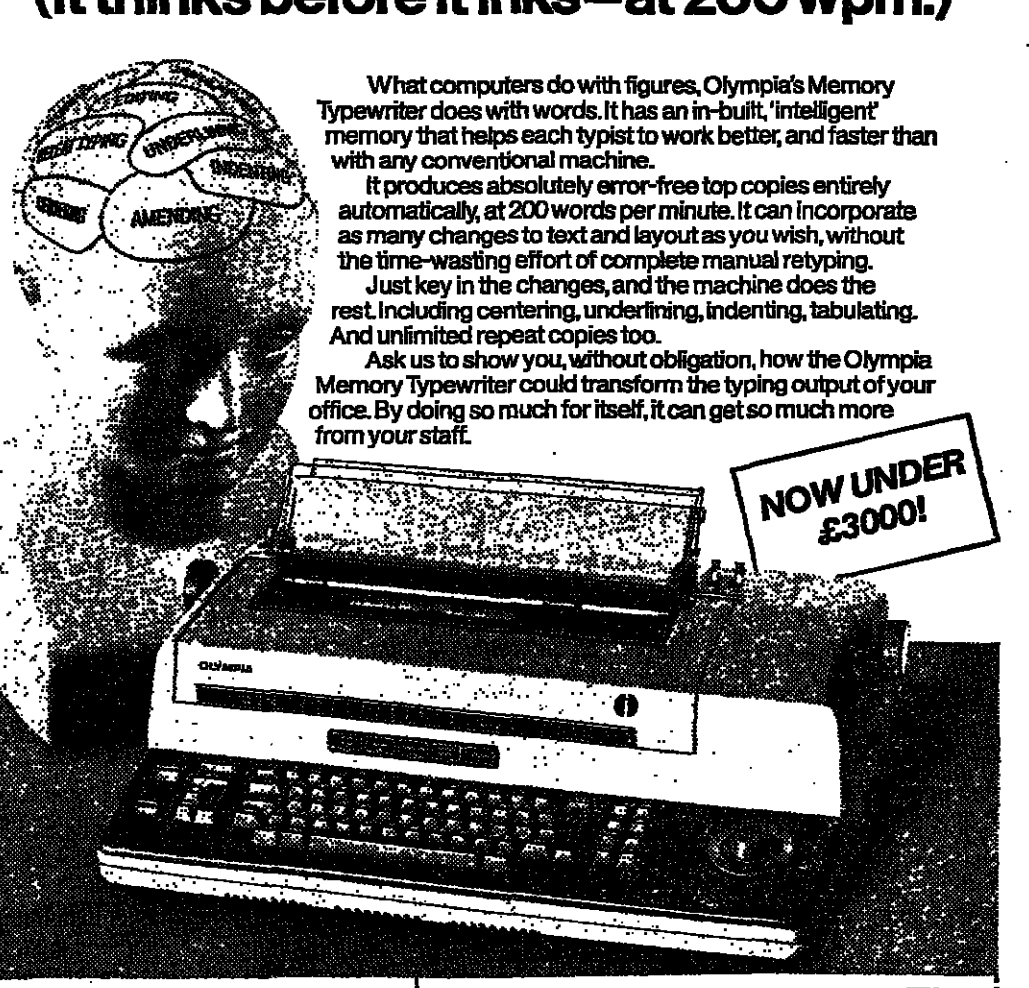
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South Africans to leave Beit Bridge. **Page 2**

Bridge. **Page 2**

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## OVERSEAS NEWS

S. Africans  
to leave  
Beit Bridge  
'fairly soon'

By Quentin Peel in Johannesburg

FINAL withdrawal of the South African soldiers defending the Beit Bridge rail and road link in Rhodesia will take place "fairly soon." But it will depend on the ability of the Rhodesian security forces to take over, South African officials said yesterday.

The decision by the South African Government to withdraw its bridge guard from the Rhodesian side of the border, announced in a joint statement with the British Government at the weekend, was a direct response to the international outcry aroused by the continued presence of South African troops in Rhodesia. It follows a decision by African states at the United Nations to press for a Security Council meeting on the issue.

The announcement constituted an unusual admission by the South African Government that it was responding to political pressure, or what it described as "the political exploitation of the South African military presence on the Rhodesian side of Beit Bridge." Diplomats said South Africa had not actually volunteered to withdraw, but insisted that no real pressure had been applied to persuade them to do so.

The decision suggests that the British Government, at least, seriously underestimated the backlash to its agreement to allow the South African troops to remain in Rhodesia. British officials had previously admitted that their continued presence was not simply for military reasons, but also to give "political reassurance" to both Pretoria and the Rhodesian security forces. There has been no confirmation of any alternative reassurance given in the event of a withdrawal.

However, diplomats here insisted that the decision depended on the ability of the Rhodesians to defend the bridge.

The South African presence at Beit Bridge is currently limited to some 150 men, of whom only a platoon of 26 is actually within Rhodesia. However, the agreement allowed the South Africans to patrol up to 10 kms away from the bridge.

## Soviet economy has worst year since 1945

BY DAVID SATTER IN MOSCOW

THE SOVIET UNION has confirmed that its economy, dogged by inefficiency and labour delinquency and hampered by difficult weather conditions, has suffered its worst year since the Second World War.

The 1979 results, which were published over the weekend in the Central Soviet Press, underscore the vulnerability of the economy to the U.S. grain and technology embargoes, which have drawn the support of other countries in the west.

Industrial production rose

only 3.4 per cent in 1979, against a target of 5.7 per cent, and national income, a measure roughly similar to gross national product, increased 2 per cent, less than half the planned 4.3 per cent.

Industrial labour productivity, which was to have risen 4.7 per cent in 1979, grew only 2.4 per cent, an increase significantly below even the worst results of previous years and a special disappointment since the 1976-80 five-year plan was to have been the plan of

"efficiency and quality."

The increases in industrial production and national income were also the lowest since the Second World War and because they reflect quantitative results and include goods which were produced but never purchased, probably do not represent any increase in consumption at all.

Heavy industry or "category A" production, the traditional focus of the five year plan, grew only 3.5 per cent against a 5.8 per cent target and consumer goods or "category B"

production grew only 3.3 per cent (target 4.6 per cent).

Labour productivity fell by more than 4 per cent in agriculture, and by almost 3 per cent in railway transport. In construction it rose by only 1 per cent.

The slowing pace of Soviet oil production, which was predicted by the U.S. Central Intelligence Agency, was borne out by the production total for 1979 which was 586m tonnes, an increase of 14m tonnes over 1978 but 7m tonnes short of

the plan target.

There was some encouragement for Soviet planners in gas production, which increased to 477bn cubic metres, 35bn cubic metres above the 1978 total and 38m cubic metres above the plan target, but coal production, which was to have risen 4.7 per cent, fell by 1.1 per cent to 719m tonnes last year and steel production, falling to 151m tonnes in 1978 to 149m tonnes last year.

## W. German Opposition urges Olympic Games boycott

BY ROGER BOYES IN BONN

THE WEST GERMAN coalition Government is coming under mounting pressure from leading Opposition politicians to support a Western boycott of the Moscow Olympics.

Herr Hans Dietrich Genscher, the West German Foreign Minister, has meanwhile called in Mr. Vladimir Semyonov, the Soviet ambassador to Bonn, and stressed that Moscow should "create the conditions which would enable all states to participate in the Olympic Games."

However, Herr Genscher, whose impending visit to Prague has been cancelled, stopped significantly short of giving Mr. Semyonov an Olympic boycott ultimatum.

The Opposition is clearly concerned that Bonn will rule out the option of an Olympic boycott or at least delay a decision to such an extent that its impact will be reduced. Herr Franz

Josef Strauss, the Opposition's official rival to Chancellor Helmut Schmidt in this year's elections, said at the weekend that the Bonn Government would risk "the psychological collapse of the alliance" if it ruled out the possibility of a boycott. None the less, said Herr Strauss, an Olympic boycott should be only one of a package of measures against the Soviet Union.

Similar calls came from other Opposition politicians while leading Social Democrats—including Frau Annemarie Renger and Herr Georg Leber, who are vice-presidents of the Bundestag (lower house)—have also made clear that Bonn's current priority should be unambiguous support for Washington.

While Bonn has expressed its solidarity with President Carter, it has been caught

between its commitment to the Western alliance and its dependence on "Ostpolitik," the conciliatory policy towards Eastern Europe which has, for example, reduced pressure on West Berlin. Bonn is thus keen on a joint EEC move rather than independent action, such as Britain has pursued.

The country's National Olympic Committee has so far proved to be unhappy about a boycott, but according to a public opinion poll published last week, 71 per cent of Germans are now in favour of some kind of Olympic boycott.

Reuter adds from Colorado Springs: The U.S. Olympic Committee, acting on a request by President Carter, asked the International Olympic Committee at the weekend to shift the 1980 summer Olympics from Moscow, or postpone or cancel the games in protest against

military intervention in Afghanistan.

In a unanimous vote, the executive board adopted a resolution urging the IOC to take such action if Soviet troops were not withdrawn by February 20, the deadline set by Mr. Carter.

Tony Walter adds from Peking: China has given its strongest indication that it is considering boycotting the Olympic Games. A commentary in the Communist Party newspaper, People's Daily, describing the 1980 Olympics in Berlin, recalled Hitler's use of the games as a propaganda weapon and the unsuccessful attempts by other countries, including the U.S. to organise a boycott.

The People's Daily said the failure of the boycott was a Godsend for Hitler, who managed to squeeze the last ounce of propaganda value out of the games.



Herr Strauss... package of measures.

## Bani-Sadr — a radical Islamic nationalist

BY SIMON HENDERSON IN TEHRAN

IF Mr. Abol Hassan Bani-Sadr's activities during the past year are anything to go by, the rest of the world is in for a dizzying series of shocks over Iranian policy. At times it will seem rash, unplanned and contradictory.

As Finance Minister since November and an influential member of the Revolutionary Council for even longer, Mr. Bani-Sadr has already been responsible for several radical

financial moves. He led the nationalisation of the banks and insurance companies last summer, and a (misquoted) report about him led the West to fear that Iran was going to renege on its foreign debt.

A further surprise came when he announced the nationalisation of foreign trade just before Christmas. This declaration was all the more astonishing because the Commerce Minister was that very day outlining to importers forthcoming measures to encourage

the private sector. In fact a senior Finance Ministry official has admitted that both the nationalisation of banks and the attempted move to withdraw funds from U.S. banks at the beginning of the crisis over the American hostages were announced as policy before Mr. Bani-Sadr told his ministry.

Mr. Bani-Sadr's future measures can be expected to be Islamic, radical and nationalist. He has already catalogued the Koran in terms of its teachings

on economic matters, and has been working closely with a group of young economists, including Mr. Ali-Reza Nowbari, the Central Bank Governor. All are determined to transform Iranian society.

On oil, Iranian policy can be expected to develop further. Mr. Bani-Sadr, who has written a paper on "Oil and Domination," was talking only last week about the need to change the country's economy to reduce the country's dependency on oil revenues. Instead he wants to

build up agriculture and small industries.

Mr. Bani-Sadr can be expected to adhere closely to the words of the new Islamic constitution in the economic field: "The underlying principle in Islamic economics is to satisfy the needs of all human beings, unlike other economic systems where the objective is concentration of wealth and profit-seeking. In Islam, economics is a tool which must be to attain the objective of bringing man closer to God."

U.S. negotiator  
tries to break  
Mideast deadlock

BY ROGER MATTHEWS IN CAIRO

MR. SOL LINOWITZ, the U.S. Middle East negotiator, flew into Cairo last night in an effort to breathe some life into the virtually "deadlocked" talks between Egypt and Israel over Palestinian autonomy.

Egypt and the U.S. agree that progress on the Palestinian issue has become even more vital in order to allow President Anwar Sadat and Washington to play a more effective role in maintaining stability in the Gulf area.

Mr. Linowitz will not see President Sadat until tonight, after the Egyptian leader has made what the Cairo newspapers say will be a "very important speech." The official-controlled Press said yesterday that Mr. Sadat's speech would be "the talk of all Arab capitals."

The President planned to announce measures to be taken against those countries "led by Saudi Arabia," which have cut relations with Egypt and imposed an economic and political boycott.

Mr. Linowitz is due to fly to Saudi Arabia this coming weekend and must be apprehensive about the message he will be carrying with him from Cairo, especially if Mr. Sadat claims that the Saudis participated in recent joint Egyptian-U.S. military exercises.

The process of establishing normal relations between Egypt and Israel, which officially started on Saturday, is meanwhile suffering a predictable attack of hiccoughs.

L. Daniel adds from Tel Aviv: Mr. Ezer Weizman, Israel's Defence Minister, will in future head the committee implementing this coming weekend the agreement to normalise relations between Egypt and Israel, the Israeli Cabinet decided yesterday.

The move followed Cairo's decision to replace its chief delegate, Mr. Boufros Ghail, with Mr. Kamal Hassan Ali, the Defence Minister.

Visa confusion dams the  
tourist flow at El Arish

BY DAVID LENNON AT THE EL ARISH BORDER POST

THE LAND border between Israel and Egypt opened yesterday amid confusion and contradictory orders, which kept the flow of travellers to a trickle.

Although the border opening was part of the "normalisation" of relations, most tourists who came here to cross into Egypt were turned back because they did not have entry visas—an abnormal requirement about which no-one had been warned.

Officials on both sides appeared to be surprised that the historic event actually took place, and only a small number of tourists, including one Israeli woman, managed to cross into Egypt. An official said visas had to be prepared in advance by those wishing to enter Egypt via El Arish, something which he said was not demanded at other points of entry.

Even a convoy of UN trucks heading for the camp at Is-

malik, having previously passed through the border daily, were told they would now need special visas. It took some hours for this to be cleared up.

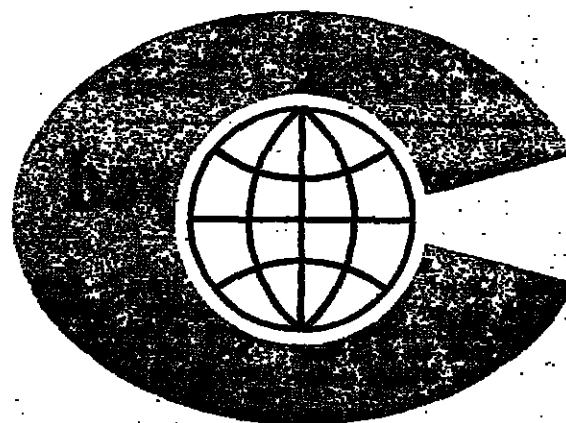
The largest single difficulty arose over a tourist bus from Tel Aviv carrying 33 people on the inaugural run to Cairo. They were first refused entry to Egypt, because of the lack of visas, then the Governor of North Sinai said he would let them through "because this is a special occasion."

Later his order was countermanded by a Deputy Minister of the Interior. As night fell over this desert outpost the coach-load of tourists finally had to give up their attempt to enter Egypt.

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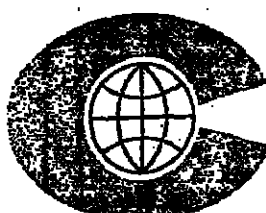


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## WORLD TRADE NEWS

## Chemical industry protest over EEC-Yugoslav pact

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE COUNCIL of European Chemical Manufacturers' Federations — CEFIC — is expected to protest to the European Commission this week over plans to rush through a bilateral co-operation agreement between the EEC countries and Yugoslavia.

CEFIC believes that a series of Yugoslavian laws on patents, medicines and technology licenses presents a direct threat to Western chemical companies which trade with Yugoslavia. It feels strongly that the conclusion of a bilateral agreement should be postponed until these laws have been modified.

However it recognises that the international situation has given Yugoslavia a peculiarly strong bargaining position. It notes that the European Commission now seems anxious to speed up negotiations on a bilateral agreement for political reasons — President Tito's illness and the Russian invasion of Afghanistan.

CEFIC has already drawn the attention of the Commission to the three Yugoslavian laws which, it claims, are likely to hit Western Europe's chemical industry. But it is understood to have received no response from Brussels.

The first of the laws concerns medicines and lays down that permission to sell pharmaceutical products will only be granted if a foreign licensor transfers ownership of its trade marks to a Yugoslavian company. CEFIC points out that the Yugoslavian owners of a trade-marked product are then free to export it to other countries.

But Yugoslavia is planning to go one step further in the pharmaceutical field by abolishing patents on drugs altogether. The patents law, which is now in draft form only, would affect plant protection products and foodstuffs as well as medicines. If it is passed—and it is expected to come into operation next month—only process technology in the medicines, foodstuffs, veterinarian products and agrochemicals fields would be patentable in Yugoslavia.

Yugoslavia also has a long-term co-operation law (already in force) which places severe restrictions on licensing agreements for Western technology. It enables Yugoslavian companies to exploit the technology of a foreign producer in virtually any way they wish once a licensing agreement has been signed.

The foreign partner cannot place any limitation on exports and the Yugoslav partner has a statutory obligation to export at least 40 per cent of the value of any imports covered by the licensing agreement. Yet the Yugoslavian partner has no obligation to keep the technology secret for more than three years after the agreement itself has expired.

CEFIC argues that these laws mean Yugoslavia will be able to take over West European expertise in the chemicals field and use it to threaten the markets of the original developers of processes and products. It believes the laws are at present sufficiently restrictive to discourage most Western European chemical companies—particularly pharmaceutical producers—from trading with Yugoslavia.

But CEFIC fears that if Yugoslavia is able to conclude a bilateral agreement with the EEC without amending its laws in any way then other so-called developing countries will decide to follow suit. It believes that a precedent is set, the results could be highly damaging to Western Europe's chemical industry.

## Nott calls for more open markets

By Ron Richardson in Seoul

MR. JOHN NOTT, the UK Trade Secretary, urged newly industrialising countries to open their markets to consumer exports from developed nations in return for access to the developed countries' markets.

Mr. Nott said at the end of a two-day visit to South Korea that unless the newly industrialising countries were prepared to accept a wide range of exports from countries like Britain, they could not expect their own foreign markets to expand in the long term.

"In many of the most advanced and competitive developing countries, imports of manufactured goods are largely confined to products which these countries do not themselves make," Mr. Nott said.

"In other areas, notably consumer goods, some countries still cling to highly protective import regimes. These regimes have served a purpose in the past, but this does not continue to be the case."

"It is in the interests of the newly industrialising countries themselves for a much wider range of manufacturing to be opened up steadily to international competition."

Mr. Nott pointed out that South Korean manufacturers had been able to capture 39 per cent of the British cutlery market, which had been supplied by a long-established local industry.

During talks with South Korea Ministers, the British Trade Secretary welcomed recent moves by Korea to ease restrictions on imports of manufactured goods.

## S. AMERICAN MOTOR INDUSTRY

## Andean nations gear up

BY DOREEN GILLESPIE IN LIMA

THE EMERGING pattern for the development of the automotive industry in northern South America is beginning to take shape following the recent decision by Peru to give Volkswagen the edge over other competitors in assembling a Passat car and 5-6-ton truck.

This is seen as an important forward step in a sweeping programme to enable the five Andean Pact countries of Peru, Bolivia, Ecuador, Colombia and Venezuela to develop a regional motor industry.

The objective is for the five to achieve an economy of scale which would be "fully efficient" in relation to the size of the market—currently around an annual 300,000 vehicles—by establishing economic guidelines on the number of assembly plants and model types under production in their countries.

The objective is being pursued under the Andean Automotive Industry Development programme, and under it the five hope by 1985 to have 70 per cent of all vehicle components produced locally.

At the moment, Peru is the most advanced country in this

respect, with 30 to 35 per cent of local production capability. The required investments are expected to amount to several billions of dollars, including investments in forges and foundry and engine assembly plants.

Planners had originally thought one or two companies only would handle the assembly in the five countries, but the pact signatories have been reluctant to allow establishment of such a monopoly.

Those companies in the lead are Volkswagen, Renault, Fiat, General Motors and Ford. Nissan, Toyota and Volvo are still in competition, but Chrysler has dropped out of the race due to its financial problems.

Peru, in addition to its current commitments to Volkswagen, is also to produce a second, medium-size passenger car, another medium-size truck and a heavy duty truck of more than 17 tons. The second make of car must use a Venezuelan-made engine, although Venezuela has yet to define the size of the engine. It has agreed, however, that such an engine will be manufactured by

Fiat. Ecuador has selected Volkswagen and General Motors to produce two models it has been assigned under the pact—the medium-size Golf passenger car and a small truck with a gross vehicle weight of 3-4 tons.

Colombia has selected Renault, already a local assembler, to build two models of passenger car. Colombia has yet to select the company which is to assemble medium-size trucks and a four-wheel-drive cross-country vehicle. Fiat is already assembling in Colombia as is General Motors, which recently bought Chrysler's plant there as well as in Venezuela. Venezuela has already signed a contract with Pegaso of Spain and General Motors to assemble models assigned to it.

Would-be assemblers are required to commit themselves to exporting vehicles and components to countries outside the Andean Pact and to incorporate parts produced in other Andean Pact countries as well as to promote local investment in their plants. The Andean Pact has up to March 31 to complete selection of the makes each is to assemble.

## Top UK mission to Mexico

By William Chislett in Mexico City

A BRITISH private sector mission, which reads like a who's who of industry, arrives here today to pursue investment possibilities in Mexico's decentralised areas.

The mission, which will meet Mexican President Jose Lopez Portillo, ministers and top officials is probably the most distinguished from Britain to visit Mexico for a long time.

The mission includes Mr. Leopold de Rothschild, director of N. M. Rothschild, Sir John Buckley, chairman of Davy Corporation, Lord Nelson, chairman of GEC, Mr. Michael Caine, chairman of Booker McConnell, the Earl of Incheape, chairman of Incheape, Sir John King, chairman of Babcock International, Mr. J. C. Gilbertson, vice chairman of Metal Box, and Viscount Weir, chairman of the Weir Group.

They have formed a joint liaison committee with representatives of the Mexican public sector including Pemex, the oil monopoly, the Federal Electricity Commission and Sidermex, the state holding company for steel.

The Government has reportedly earmarked Pesos 4bn (\$177m) this year for ports and is expected to put out to tender the dredging of Lazaro Cardenas this month and Tampico, in March.

Reuter adds from Tokyo: A team of leading Japanese businessmen are in Panama to discuss a joint \$8.8bn project to build a new and wider Panama Canal. The team will inspect several possible sites for the canal project.

Japan's Penta-Ocean Construction Company has proposed a new 98 km canal be built west of the existing waterway to allow the passage of vessels up to 300,000 deadweight tons.

## Hong Kong deficit at £898m

BY ANTHONY ROWLEY IN HONG KONG

HONG KONG'S visible trade deficit last year was HK\$9.9bn (£898m). This was some HK\$700m up on the 1978 deficit, but was not as bad as had been feared. Financial Secretary Sir Philip Hadoke-Carrington has estimated that the 1979 deficit would reach HK\$10.6bn. The December deficit was HK\$353m, which was sharply down on the December 1978

figure of HK\$1.29bn. This reflected a sharp fall-off in the growth rate of imports during the last month of the year.

But though there is welcome evidence now of a fall-off in the consumer goods imports—which the Government has indicated through its monetary and fiscal policies—there was a fall in industrial material imports, which has bearish implications

for future exports. Domestic exports grew less rapidly in December than in preceding months and re-export growth slowed too.

For the whole of 1979, domestic exports rose 37.4 per cent to HK\$55.9bn while re-exports rose 32 per cent to HK\$20bn. Imports meanwhile rose 38 per cent to HK\$65.9bn

## Mitsubishi robots for France

By Richard C. Hanson in Tokyo

JAPANESE INDUSTRIAL robots are making inroads into Europe. Following Hitachi's sales tie-up with Durr of West Germany Mitsubishi Heavy Industries (MHI) has reached a basic licensing agreement with Shlaky of France.

The French welding machine manufacturer is planning to produce Mitsubishi robots capable of spot welding. Initially for use by Peugeot Citroën.

This will be the first time a Japanese company has licensed robot technology overseas. MHI exports very little in the way of robots, which it produces in Japan for its subsidiary car maker, Mitsubishi Motor Company. The model to be licensed in France is dubbed the RC module type.

## Egypt-Israeli deals

With the normalisation of relations between Egypt and Israel, the first commercial contracts have been signed, our Tel Aviv correspondent writes.

An Egyptian agent, Hassan Ismail, has concluded a provision contract, to be implemented one month after normalisation, for water equipment. This includes a contract for 100,000 water meters with Kibbutz Dalia (with an option for another 100,000 for delivery in 1981), and three contracts, worth \$500,000 each, for piping with the Middle East Tube company of Acre and another for valves and pumps with a Haifa-based company.

## Iraq power project

Ann Ansaldi, Mecanico Nucleare, subsidiary of state-controlled engineering holding company Finmeccanica, and Cie Gruppo Industrie Elettromeccaniche per Impianti All-Estero has signed a \$500m contract to build a power station in Iraq. Reuter reports from Rome. The 1,320 megawatt power station will be oil-fired and is due to be completed in five years.

## Swiss car sales up

Swiss car sales, which consist almost wholly of imports, rose by 2.5 per cent last year to 272,072 units. Market leaders were still Volkswagen, with a market share of about 12 per cent, followed by Opel, with Ford and Renault vying for third place. John Wield writes from Zurich. Japanese imports surged again with every Japanese achieving a rise of over 20 per cent. However, BL and Chrysler of the U.S. both suffered a 30 per cent drop in sales.

## UK kilns for China

Brinco, a North Staffordshire ceramic concern, has broken into the Chinese market with a \$500,000 order to supply tunnel kilns for a factory near Nanking. The company will supply the high temperature kilns for a factory making spark plugs.

## SHIPPING REPORT

## Dry cargo rates stage small rally

BY WILLIAM HALL, SHIPPING CORRESPONDENT

FREIGHT RATES in the dry cargo market have staged a small rally over the past fortnight, although they are still well below the levels prevailing before the U.S. announced its Russian grain embargo.

In the Atlantic grain trades, rates for Panamax sizes—U.S. Gulf/Holland—have moved back up to \$16 a ton but, rather surprisingly, the rates for smaller vessels continue to be under pressure. In the time charter market, Galbraith Wrightson reports that some perked business is being negotiated and rates have stabilised in the short-term. They could even improve slightly.

The coal trades have been fairly active, and the rates for 50,000-ton cargoes from America's Hampton Roads to Japan—a good barometer of the coal trade—have increased by around \$1.50 a ton to \$18 a ton. By contrast, the British steel strike is starting to affect the demand for ore carriers. The British Steel Corporation envisages around 1,000 ship fixtures a year (roughly 20 a week), and imports 20m tons of ore.

In the tanker markets,

brokers report that last week was fairly uneventful, despite the continuing tension in the Middle East. The rates for 250,000-dwt VLCCs for voyages to the West are hovering around Worldscale 42. Among the bigger ships, Chevron fixed a 417,000-dwt ULCC at Worldscale 30.

E. A. Gibson reports that a surplus of VLCC and ULCC tonnage is now building up in the Arabian Gulf. Between now and the end of February 11 ships (3.4m dwt) are looking for cargoes, and 57 more ships (14.8m dwt) should become available for further employment.

The other major feature of the market in recent weeks has been the dramatic drop in tanker rates in the Caribbean because of overtonnage. A 48,000-tonner is now having to accept Worldscale 100, compared with Worldscale 375 less than two months ago. For 85,000-tonners, Amoco was able to fix a vessel at Worldscale 57. Clearly, tanker operators must be praying for the onset of a severe cold spell which will lead to a surge in U.S. oil imports.

## Evergreen expands fleet

BY WILLIAM HALL

EVERGREEN LINE, the fast-growing Taiwanese shipping group, last week took delivery of a second large container ship. The vessel, which can carry 1,800 twenty-foot containers (TEUs), is 50 per cent larger than Evergreen's earlier vessels and is considerably more efficient.

Evergreen has another two 1,800 TEU container ships due for delivery in May and August. In addition, it is negotiating for another two 1,800 TEU ships and two 950 TEU ships.

As a non-conference operator Evergreen has made considerable inroads into the markets served by members of the Far East Freight Conference. It started operating between Europe and the Far East last May and now employs six 1,214 TEU container ships on this route, giving it an annual capacity of 42,500 TEUs.

Ford UK recently switched to Evergreen, much to the dismay of the Far East Conference

operators. Over the last year Evergreen has pursued a policy of building larger and faster ships. The new "L"-class ships, which can carry 1,800 TEUs and have a service speed of 21 knots, are replacing some of the group's 1976-built ships.

Evergreen reckons that the new "L"-class ships burn roughly the same amount of fuel (70 tons a day) as its "V"-class ships on the Far East/Europe run, although they will be able to carry 50 per cent more containers.

One of the biggest advantages, however, is the reduction in manpower with crews of over 20 on other Evergreen ships and crews of 36 on larger container ships operated by rivals such as Overseas Containers. The latter has recently embarked on an expensive re-engineering programme in an effort to match Evergreen's operating costs.

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## UK NEWS

## NEB affirms support for Insac subsidiary

BY GUY DE JONQUIERES

THE NATIONAL Enterprise Board has reaffirmed publicly its continued support for its computer software subsidiary Insac Products (IPL) and for the latter's five member companies, in which the Board holds minority stakes.

The decision is one of the first taken by the new board since its members were appointed last November. It is apparently intended to quell recent doubts and speculation about the future of IPL, which aims to develop UK exports of sophisticated computer programmes.

The venture has been among the NEB's politically more controversial undertakings and is regarded by many in the industry, including some of IPL's own member companies, as still having to prove its commercial worth.

In the past few weeks the chief executives of two member companies have announced that they would no longer sit on the IPL Board because of dissatisfaction at the slow progress

achieved in its discussions. Their companies will, however, still be represented on the Board. One of the men, Mr. Peter Adams of Systems Programming has also asked the NEB to sell its holding in his company on the grounds that uncertainties about the Board's future disposal policy were an unsettling influence.

He said at the weekend that he stood at the weekend that the Board's renewed commitment to IPL and its member companies. The Board has yet to announce whether it is prepared to sell the holding.

After the resignations the NEB disclosed that it is reviewing the arrangements governing the operating relationships between IPL and its member companies and the possibility of IPL cooperating commercially with non-members.

It appears in no hurry to decide on either question, though it is understood to be looking at the possibility of broadening the composition of

the IPL board to reflect a wider cross section of the software industry.

In this event IPL's operating activities would probably be handled through a committee, on which member companies would be represented by liaison officers rather than by chief executives on the board.

IPL is keen to extend its commercial activities beyond its member companies. But it recognises that any move in this direction would be likely to arouse strong objections from such companies, which fear their privileged relationship with the organisation would be undermined.

The NEB has still to discuss future funding for IPL as well as for its sister organisation, Insac Viewdata, set up to promote export sales of systems based on the Post Office's Prestel.

This is an electronic information system which links television sets to a network of computers through the telephone service.

## Make sea polluters pay up, councils urge

BY ROBIN PAULEY

A CALL for international action to ensure that those responsible for causing pollution at sea should bear all the costs involved in dealing with it has been made by the Association of County Councils.

The association is also to support proposals for a European fund to which potential polluters operating in Europe would contribute to cover the costs of both identified and unidentified pollution.

The recommendations are included in the Association's evidence to the Royal Commission on Marine Oil Pollution.

The association, which represents all 47 non-metropolitan counties in England and Wales, says: "Recent incidents, including the Tarpanbek, off the Isle of Wight, and the Eleni V in

the North Sea have highlighted the unsatisfactory nature of existing compensation arrangements.

"A fund should be established for all costs which should not be allowed to fall on the local ratepayers."

The "polluter pays" principle should apply in all cases, it adds. International and national legislation should be effectively enforced and penalties increased.

The association also calls for an early decision on a national contingency plan for major oil pollution of the coastline.

More pressure should be brought to bear on the oil industry to accept and re-process or dispose of oily wastes resulting from clean-up operations.

## CBI seeks to alter law on re-engaging strikers

BY OUR INDUSTRIAL EDITOR

THE Government has been urged by the Confederation of British Industry to amend its Employment Bill so that companies could choose which employees to re-engage after a strike.

At present a company must either re-employ all strikers or none at all. This is covered by a provision in the existing Employment Protection Act to prevent discrimination.

Now the CBI wants employers to have a choice. It has set this

out in its formal comments on the Bill, sent at the weekend to Mr. Jim Prior, Employment Secretary, which broadly follow its known policies.

The CBI wants the Bill tightened on a number of other points, including the closed shop provisions. It says that the Bill ought to be specifically linked with the proposed Code of Practice so that employees are protected from dismissal where a closed shop is not being operated in line with the Code.

## Kodak raises film prices

THE RECENT sudden rise in the price of silver has forced Kodak to increase prices of films and photographic paper by 10 to 80 per cent from today.

Mr. M. J. George, sales manager for consumer and professional markets, said: "Each price adjustment reflects the higher cost of silver in manufacture. Naturally, it is our hope

that international pressures will ease and that silver costs will soon reduce significantly. If that does happen, we expect to reduce our prices."

Prices of professional black-and-white papers are raised by 50 per cent, Ektachrome paper by 30 per cent, Ektachrome paper by 30 per cent, black-and-white film by 45 per cent and some X-Ray films 80 per cent.

## FT GROCERY PRICES INDEX

## Dairy, meat and vegetable costs rise less steeply

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE Financial Times Grocery Prices Index increased 1.5 per cent to 120.47 in January.

This increase differs from rises in recent months, because it results from an across-the-board rise in prices rather than a few large increases in particular sectors.

Previously the index has risen sharply largely as a result of large increases in the price of the dairy, meat and fresh fruit and vegetable sectors of the basket.

But this month these sectors produced only small overall increases. The rise in the cost of fresh foods and vegetables was much lower than had been expected, given the cold weather this month in some parts of the country which normally reduces the supply of fresh fruit and vegetables and leads to higher shop prices.

The fresh fruit and vegetable sector of the basket rose only 1.3 per cent in January—costing a total £240.01—compared with the 8.6 per cent jump in prices just before Christmas.

The smaller increase this month may reflect the fact that not all producers have been hit by the bad weather and the exceptionally fast rise in prices before Christmas.

The Financial Times Grocery Prices Index gives an indication of the trend in prices rather than acting as an absolute indicator of price levels. The index is based on data collected each month by 25 shoppers who monitor a list of 100 grocery items in the same shops. The shops chosen range from superstores to small village grocers throughout the UK.

The dairy produce sector of the basket—which in value terms represents the largest

## FINANCIAL TIMES SHOPPING BASKET

JANUARY 1980

	January	December
Dairy produce	591.26	586.89
Sugar, tea, coffee soft drink	169.44	168.97
Bread, flour and cereals	226.02	224.53
Preserves and dry groceries	99.25	99.49
Sauces and pickles	46.92	45.10
Canned goods	176.86	172.77
Frozen foods	274.73	271.43
Meat, bacon, etc. (fresh)	507.76	495.03
Fruit and vegetables	240.01	236.99
Non-foods	224.57	215.86
Total	2,560.82	2,534.07

Index for January: 120.47

1979: January 108.54; February 106.65; March 109.12; April 110.28; May 113.59; June 115.02; July 114.79; August 114.16; September 114.17; October 114.95; November 115.36; December 118.74.

1980: January 120.47.

single cost in the basket although this influence is diluted in the overall weighting of the index—rose less than 1 per cent to a cost of £591.26.

Next month the cost of the dairy sector can be expected to increase sharply as a result of the rise in the retail price of milk. The price of a pint is due to go up by 1p to 16p on February 17.

The price of sterilised milk will increase 2p to reach 17p. "Gold top" from Channel Island cattle will cost 18p.

The fresh meat section of the basket showed the biggest percentage price rise, by 2.6 per cent to £507.76. But there is still concern in the meat industry that the level of retail prices are too low to give all areas of the trade an adequate profit margin.

All the other sectors of the basket showed slight cost increases, apart from the preserves and dry pickles section, which remained broadly the same in price.

There were no reports by FT shoppers of any shortages of canned goods caused by the steel strike. In this trade it is understood the canned food supplies in the pipeline are sufficient for another two months, unless an increase in secondary picketing disrupts the production chain.

In the longer term, the cost of food will almost certainly continue to rise steadily this year as a result of the recent 5 per cent devaluation of the EEC's green pound.

The FT's Grocery Prices Index is compiled and sent out by the Financial Times. It is not to be reproduced or used in any way without consent. All inquiries should be made to Lucinda Watkinson at the Financial Times.

## Talks on Japanese car imports

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

REPRESENTATIVES of the UK and Japanese motor industries meet tonight in the "Mex" can resort of Acapulco to discuss a continuation of the voluntary restrictions on vehicle shipments from Japan to Britain.

The talks will continue until Wednesday afternoon and it is almost certain that the Japanese will agree to continue to take a "prudent" view of the UK market and its problems.

In the past this has meant the Japanese restricting shipments of cars and light commercial vehicles to the UK so that their penetration of the market remains between 10 and 11 per cent. There is also an agreement that no trucks of over 3.5 tonnes gross weight

are shipped direct from Japan to Britain.

Formally the talks which start today are simply "an exchange of views" between the Society of Motor Manufacturers of the UK and the Japanese Automobile Manufacturers Association. The idea is that they enable the industry representatives to give their views on the climate of opinion in the two countries.

As neither organisation has any executive power—they cannot give their members instructions—the talks usually end with a rather bland communiqué.

But any statement that indicates the Japanese are willing to continue restrictions this year will be significant. The UK new car market is expected

to fall from 1.71m to at least 1.6m this year and the Society's forecast is 1.5m. If the Japanese stick to a market percentage formula, sales of their cars in the UK would fall for the first time since they were introduced to Britain.

The Japanese will certainly maintain that their restraint—and they have scrupulously abided by their undertakings in the past—has not helped BL, which it was designed to protect, but the European car makers.

But the Society will point out that the growth in normal imports from the other EEC countries to the UK has been relatively slow—market penetration has risen from 19 per cent to 23.2 per cent between 1975 and 1979.

At present a company must either re-employ all strikers or none at all. This is covered by a provision in the existing Employment Protection Act to prevent discrimination.

Now the CBI wants employers to have a choice. It has set this

## Labour moderates pin hopes on unions

BY RICHARD EVANS, LOBBY EDITOR

MR. JAMES CALLAGHAN and other moderate Labour leaders are pinning all hopes on the five trade union representatives to prevent the party's Commission of Inquiry from recommending a series of extremist reforms that could alter the party radically.

Following the rebuffs from the Left-dominated National Executive Committee last week

it is now accepted there is no hope of changing the composition of the inquiry, which will meet on February 8 and proposes to produce recommendations before the party conference in the autumn.

But there are signs that Mr. Callaghan believes the five trade union members, Mr. David Barnett, Mr. Moss Evans, Mr. Clive Jenkins, Mr. Bill Keys and

Sir John Boyd, will probably stick together and exert a moderating influence of the remaining members, who are largely Left-wing.

There is also a continuing hope that Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers, will succeed in changing the composition of his union delegation so that they will vote for

a more moderate NEC at the party conference.

A change in the balance of forces on the NEC would mean a very different attitude adopted towards any extreme recommendations made by the commission on the drafting of Labour's election manifesto, methods for electing a leader, and the automatic reselection of MPs in each Parliament.

## Housing setback cuts brick deliveries

By Andrew Taylor

BRICK PRODUCTION in Britain rose by 1 per cent last year but deliveries were 4 per cent down on 1978 according to provisional figures published yesterday by the Department of the Environment.

The fall in deliveries may in part reflect the sharp drop in housebuilding last year, particularly in the public sector.

However, very poor weather in the early part of 1979 which effectively limited construction work last year to nine months—may have been a further factor.

## Cushioned

Bricks in recent years have been more widely used in construction work, and to some extent this has helped to cushion the decline in housebuilding last year.

According to the Department figures around 4.9bn bricks were delivered last year compared with 5.1bn in 1978. Production rose from 4.85bn to 4.9bn.

In the fourth quarter brick production was 1 per cent lower than in the previous three months but equal to production in the corresponding period a year ago. Deliveries were 4 per cent down on the previous three months and also 4 per cent lower than a year earlier.

In December 327m bricks were produced against deliveries of 283m. Stocks rose from 532m to 571m—representing about six weeks' production.

According to the Department cement deliveries in Britain rose by 1 per cent last year, averaging 286,000 tonnes a week. Clinker production also rose by 1 per cent.

## International Stores drops trading stamps

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

INTERNATIONAL STORES, the BAT Stores High Street supermarket subsidiary, has dropped Green Shield trading stamps from all its stores.

The decision, which International has already quietly implemented at the 67 stores which still issued the stamps, means no major supermarket multiple now gives stamps.

International moved in a major way into giving trading stamps only when Tesco gave up Green Shield stamps in summer 1977 and concentrated on price cuts with its Operation Checkout campaign.

A year later the failure of trading stamps to increase International's share of the market—while Tesco increased its market share by more than half—led International to reverse its decision and to drop stamps from most of its 700 stores.

It retained trading stamps in the 67 stores close to Argos discount stores which also acted as redemption centres for Green Shield.

International has finally been forced to admit that trading stamps have had little impact.

International's relationship

with Green Shield has been further complicated by the fact that last summer BAT Stores, which owns International, bought the Argos stores chain from Mr. Richard Tompkins, who founded and still owns Green Shield.

In the early 1970s, trading stamps were collected by over half the adult population and about 50,000 outlets gave stamps to customers.

Green Shield now has only just over 8,000 outlets in the UK, including some petrol stations and small grocers' shops. The company is moving into other forms of promotion, such as lotteries and games.

Further expansion in this area will depend on the outcome of the House of Lords appeal on Imperial Tobacco's instant lottery promotion. The House of Lords last week began hearing the Attorney-General's appeal that this lottery was unlawful, and a decision is expected in early February.

If the House of Lords upholds the legality of such lotteries, a number of consumer goods manufacturers may consider using them to boost sales.

## Advice centres 'need aid'

MORE THAN 100 consumer advice centres may be forced to close as a result of the Government's decision to withdraw its £4m a year grant from the end of the current financial year, it was said yesterday by consumer pressure groups, writes David Churchill.

The Advice Services in Crisis working party, which represents a number of consumer organisations, says 21 advice centres are in the process of being closed. It suggests fewer than 20 advice centres will survive unless more funds are made available.

The working party says: "We recognise that local authorities are under pressure to cut costs, but unless local authorities are willing to make up some of the shortfall caused by the Government's decision expert consumer advice may simply disappear for large numbers of people—especially outside London."

## Call to freeze farm aid

A FREEZE on EEC financial support for farmers is demanded today by a European consumer group, writes David Churchill.

The call is made in the first annual report of the Consumers in the European Community Group, a body set up to bring together organisations concerned with EEC consumer policies.

Mrs. Kate Foss, the group's chairman, says that "for the

EEC to increase prices when it is having such problems with supplies and the strain they impose on the budget, would be flying in the face of common sense."

Mrs. Foss adds that the group was disappointed with the EEC's decision last year to raise agricultural prices. "We do not want to see the expensive mistakes of the past repeated," she said.

## Reform of Government audit urged

By Peter Riddell

Economics Correspondent

THE WHOLE PROCESS of Government scrutiny and audit of Government should be urgently strengthened, the Consultative Committee of Accountancy Bodies, argues today, in a memorandum to Mr. John Biffen, Chief Secretary to the Treasury.

The committee, which represents all the main accountancy institutes in the UK, is responding to an official invitation to provide views as part of the Government's review of the role of the Comptroller and Auditor-General and the scope of the Exchequer and Audit Department's work.

The Government has promised to publish a Green Paper on the subject shortly. It is likely to lead to reforms in the legislation affecting the Exchequer and Audit Department. The Department's job is to audit the Government's accounts and to prepare reports for the Public Accounts Committee of the Commons.

The accountancy bodies call for an increase in the size of the Exchequer and Audit Department, whose total staff is only a fraction of the size of any one of the large firms of accountants.

Among the other main conclusions are that there should be more scrutiny by Parliament of the methods used by the Civil Service to achieve value for money. Moreover, departmental reporting to Parliament should move towards a comparison of the success in achieving a policy with the resources devoted to it, accompanied by a commentary.

The accountants argue that there should be greater audit emphasis on systems, rather than on individual transactions, and there should be greater stress on performance indicators.

## School strikes

SELECTIVE strikes by Britain's biggest teacher union will disrupt schooling for several thousand children in Nottinghamshire and Avon this week.

The National Union of Teachers is increasing action in protest at education cuts. It has warned Trafford, in Greater Manchester, that it may face strikes within the next two weeks unless it changes its mind over cuts.

## New postal rates from 4th Feb.



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300g	38p	31p	6kg	£1.86
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## Doubts over spending cuts strategy

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT'S public spending cuts have so far done little more than offset the increase in the cost of public expenditure over the last 12 months, stockbrokers Phillips and Drew argue in a paper submitted to the new Treasury Committee of the House of Commons.

Consequently, it says, public sector borrowing in the 1980-81 financial year is likely to be about £11bn, unless present policies are changed. This is compatible with official

monetary targets only if nominal terms compared to Labour's plans in January 1979.

This is the result of a change in the composition of spending as a reduction in volume and services—announced last November—has been offset by the higher relative cost of public spending, largely reflecting public sector wage awards. This view is similar to that in the last quarterly review from the National Institute of Economic and Social Research.

In the medium term, the brokers are "very sceptical

about the chances of the present strategy succeeding," the paper says. It suggests that a constructive approach would be one in which selective fiscal stimulus in the form of public investment was given in return for selective pay restraint.

The brokers suggest that North Sea oil cash be used directly to reverse the UK's industrial decline.

Phillips and Drew say that unemployment is likely to rise steadily reaching almost 1.8m by mid-1981.



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# Building and Civil Engineering

## Over £18m worth to Laing

MAJOR CONTRACT in a number of jobs just announced by John Laing is the first phase of Macclesfield District General Hospital worth £3.7m to the company. Total cost of this project will be over £10m and it will take just over three years to build.

Site of the hospital will be on Victoria Road adjacent to the existing West Park Hospital, and preliminary site works, such as earthmoving, fencing and provision of a temporary working surface, have just been completed.

Concept of the design is to plan an intensive-use hospital viable in itself as a first phase but capable of later expansion.

Provision will be made in the first phase for an accident and emergency unit, four operating theatres, a day care unit, an intensive care unit, rehabilitation centre, pharmacy and outpatients' department. Additionally, a service centre is to be built which consists of a hospital services disinfectant unit, central records, staff changing, mortuary, central kitchen and staff restaurant.

Subsequent phases of the hospital will provide beds for medical, surgical, maternity and geriatric patients and the building, basically a two-storey structure with engineering plant rooms at roof level, has been carefully planned to blend into the semi-rural surroundings.

Laing is also to build a new distribution centre for government publications at Nine Elms, Battersea, London (adjacent to the new Covent Garden Market) under a contract worth about £5.6m awarded by the Property Services Agency. The office and warehouse complex will house the publications distribution wing of HMSO and the new premises will be purpose-built and equipped to enable the department to modernise and improve its present storage and distribution arrangements.

Associate company, Al Naboodah Laing, has been awarded a further £2.3m contract for the building of 100 single-storey, two-bedroom, brickwork-faced villas, with ancillary works, at Al Ain, Abu Dhabi. The project is for the Office of the Diwan of the Ruler's Representative of the eastern province of the Emirate of Abu Dhabi and is due for completion in 14 months.

Manchester City Council has awarded a £1.5m contract to build a new Students Union headquarters for about 13,000 Manchester Polytechnic students. The new four-storey building will have an in situ reinforced concrete frame on piled foundations, and roof, smooth red facing brickwork, cladding and blockwork internal partitions. Laing is also responsible for the installation of fittings, finishes and services.

CONTRACTS IN the UK recently awarded to the Gleeson Group total nearly £13.5m. Gleeson Civil Engineering has won three contracts together worth about £3.8m, including reclamation of the Rising Sun Tip complex for Blaenau Gwent Borough Council, construction of foundation works at the BP Desalter Plant at Grangemouth, Stirlingshire and construction of a footbridge at Chatham, Kent, for the PSA.

Company's London building division (M. J. Gleeson) has been awarded three contracts totalling about £3.9m for construction of an administration building at Cosham, Hants, for IBM (UK), substructure contract for extensions to the Royal Opera House, Covent Garden, and a six-storey office block in Croydon for the Friends Provident Life Office.

## £3m centre in Swindon

PLANS FOR a major expansion of its UK operations are expected to be announced at its Monte Carlo dealer conference today by MAN-VW Truck and Bus.

The company is to move its West London headquarters to a new purpose built factory in Swindon, Wilts as part of a £3m investment programme.

A contract valued at £2.3m has been awarded to Wimpey for the development of a 16-acre site on the Blagrove Industrial Estate. The complex will include a head office for all

Five contracts have gone to Gleeson (Sheffield). These total over £5.5m and include: dwellings, roads and sewers for the Metropolitan Borough of Rochdale; modernisation of dwellings at Ashton-under-Lyne for Tameside Metropolitan Borough; new dwellings also at Ashton-under-Lyne; factory extension for Stephenson Blake Holdings at Chesterfield; and a new factory for Cromdane Stainless also at Chesterfield.

The first shipment of equipment has just been sent to Burma by Gleeson Construction to enable work to commence on the £5m contract to construct a cold store complex at Mayo Bay, Burma, for the People's Pearl and Fishery Corporation of Rangoon. Work will commence shortly on this scheme which is scheduled to be completed within a period of 21 months.

## £4m awards to Kyle Stewart

MORE OFFICE accommodation is to be built at Bracknell, Berks, for 3M United Kingdom.

Kyle Stewart (Contractors) has been awarded the £3m contract which calls for a five-storey building with a high level pedestrian bridge to link the new offices with the existing 3M House.

The contract provides for a reinforced concrete-framed building on piled foundations and includes all services and external works. Work has begun and is due for completion in July 1981. Architects are Alex

## Sunley wins £10m in Abu Dhabi

EXPERIENCE of building banks in the Gulf seems to be standing Bernard Sunley in good stead. Having already completed multi-storey buildings for the British Bank of the Middle East at Doha and Dubai and for the Bank of Credit and Commerce International in Abu Dhabi and Dubai, it has now got a contract worth £10m for the Arab Monetary Fund headquarters in Abu Dhabi.

The 19-storey reinforced concrete building which will have six lifts will be about 240 ft high on piled foundations and it is expected that work will get under way in February. Bronze coloured aluminium curtain walling and gold tinted mirror glass will be used for the exterior cladding and polished Italian marble will be used extensively. Architects are Fitzroy Robinson and Partners.

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## Work for prisoners

AN INDUSTRIAL COMPLEX is to be constructed by Turriff at the prison at Channings Wood, Devon.

The contract is worth £2.6m and is essentially for a building containing a laundry, garment-making and woodworking shops, in which prisoners will be employed.

Gordon and Partners, consulting engineers are Ove Arup and Partners, quantity surveyors are W. T. Hills and Company and the mechanical engineers, Oscar Faber and Partners.

Kyle Stewart has also won a contract from Capital and Counties Property Company for the construction of five warehouse units and two industrial units at Rodling Lane South, South Woodford, Essex. The £1m scheme, which has been designed by the contractor, is scheduled for completion in 40 weeks.

Design is by the chief architect and director of works, Home Office together with architects Clifford Tee and Cole, Reynolds and Young are the quantity surveyors and Oscar Faber and Partners the structural engineers. Completion of the contract is due in the late summer of 1981.

## £3m repair job in London

EXTERNAL repairs and redecoration of the facade at 251-259 Regent Street, London, W1 at a cost of about £3m is now being carried out by Taylor Woodrow Construction.

It is understood that the work will involve complete overhaul of the external envelope of the 9-storey building. In addition there will have to be extensive replacement of stonework, asphalt and lead coverings.

The premises, close to Oxford Circus, will remain in use throughout the contract and has to be programmed to minimise inconvenience to occupants and passers-by alike. Completion is due in the spring of 1983.

Structural engineers are Moore Vaughan Maclean and Partners and quantity surveyors are C. R. Wheeler and Partners.

Taylor Woodrow is to start construction of the Milton Keynes District General Hospital in June under a management contract which, under 1975 prices, is worth over £3.7m.

## Joining the club

FORMATION of a new and completely separate company, Trollope and Colls Management, to undertake management contracting, has been announced by the UK Building Division of Trafalgar House.

Chairman of the new company is Mr. Peter Howell, a member of the main Trafalgar House board. He told the Financial Times, "We have noticed the increasing trend for projects to be run as management contracts and feel sure there is a demand for the services of an organisation with the full resources, such as those possessed by Trafalgar House, to take full control, especially where a large number of sub-contractors are likely to be involved."

Managing director of the new company is Alan Ure, a former executive of Trollope and Colls. Other members of the board are Alan Rumlides (formerly of the Union Discount Co.) and Doug Insole who will be in charge of marketing.

The company, which says it is already on the short list for several big contracts, will operate from 30 Finsbury Square, London EC2A 1NR.

MICHAEL CASSELL

## Marketing in the M. East

SETTING UP of a joint venture to market sealants and weather-proofing products in the Middle East has been announced by the Fosroc Construction Chemicals Division of Fosroc Minsep and Tremco Inc of Cleveland, Ohio U.S.

The joint venture will be headquartered in Bahrain and will be known as Fosroc-Tremco (ME) EC. Dr. David Belford, the Fosroc Minsep director responsible for the construction chemicals side of the business told the Financial Times last week that this latest development marked the beginning of plans for working in other areas of the world with Tremco.

Turnover in the Emirates, he says, could realistically reach around £25m a year, and to prove the point has announced another batch of road and airport runway contracts worth £10m.

Much of the company's hopes are pinned on what it sees as an upturn in spending on military facilities and signs that a Federal budget is having an impact on expenditure levels in those Emirates which in isolation would not be able to contemplate higher spending.

As for work already done, the 600,000 sq ft Ghurair centre represents not only Tarmac's local "flagship" but a development unique to the Gulf. The project has taken only 22 months to build and as well as apartments, a leisure complex and offices provides 300,000 sq ft of air-conditioned shopping space, about 20 per cent of which has already been let.

Two other shopping complexes are under construction in Dubai but Al Ghurair will be the first to open.

MICHAEL CASSELL

## McAlpine wins over £12m in London

THE LONDON Borough of Haringey has awarded Sir Robert McAlpine and Sons a £7m contract to refurbish Alexandra Palace which, together with a £5.7m industrial project in Whitechapel, London, brings in new work to the value of over £12m.

A start has been made on a preliminary phase of the work at Alexandra Palace which is due for completion in June. This will be followed by the major task aimed at restoring the 105 years old palace and park, making it a major exhibition, sporting and cultural centre. Completion is expected in 1983.

## Work for Fairclough

BATCH OF contracts just awarded to Fairclough Building is worth nearly £2m, with the

largest job being valued at £637,000. This is for extensions to a warehouse and new offices for Seddon Atkinson at Walton Summit, near Preston.

Other industrial contracts are: new factory and offices at Altrincham (value £224,000) for United Repetition; and office extensions for Air Products at Carrington, near Manchester (£143,000).

In three contracts for Manchester City Council the company will improve 73 flats at Langley, Middleton (£480,000); improve 36 flats at Earby Grove, Blackley (£258,000); and carry out landscaping outside St. George's flats, Hulme (£140,000).

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## £3.2m orders Tarmac presses on in Middle East in search of more business

### won by Jarvis

NEARLY HALF of the £3.26m of new work awarded to Jarvis is being carried out in Manchester. The remainder is in Central London.

At the Swiss Centre in Wardour Street, Leicester Square, W1, the kitchens serving the four restaurants, snack bar and Gourmet Shop are being enlarged and refurbished and a five-storey office block is being erected in St. Albans Street, Haymarket, SW1. The latter will provide 1,161 square metres of lettable open-plan office space and a penthouse flat. Turner Lansdown Holt and Paterson is the architect.

At Cambridge Street, Manchester, a new rubber mixing plant is being built for the General Rubber Goods Division of Dunlop. While not far away at Urmoston, the CEBG coal-handling plant at Carrington power station is being altered to cope with new coal trucks.

Jarvis has also returned to the shopping centre in Town Square, Sale, Cheshire, this time to provide a three-storey office block with four shops at ground level for the Langford Property Company, a subsidiary of Beaumont Properties. The design is by Turner Lansdown Holt, of Wiltshire, Cheshire.

WHAT TO do now that many of the big contracts are finally completed is a dilemma exercising the minds of most major building and civil engineers operating in the Gulf.

After several years in which large projects kept turnover up and manpower fully utilised, most contracting groups—not least those from the UK—are now having to come to terms with a new situation.

Traditional sources of business in the Gulf, for many British companies—such as Bahrain, the United Arab Emirates and Oman no longer offer the volumes of work once available and the contractors have reacted in different ways. Some have effectively shut down and moved on while others have cut back operations to tick over and maintain a presence in the hope of another upturn in construction activity.

But not all seem to be as pessimistic about the prospects for picking up respectable volumes of work and Tarmac would appear to rank among this number.

Despite the patchy record of overseas operations and a commitment to reduce its foreign work as a proportion of total turnover, Tarmac has firmly set its sights on extracting a useful level of business out of a United Arab Emirates construction market which has seen better days.

The Wolverhampton-based group has now virtually completed the prestigious \$40m Al Ghurair shopping, office and apartment complex in Dubai but the end of the contract does not signify its withdrawal from the local market.

Mr. John Kent, the Tarmac International director responsible for Gulf operations, believes that its local Ghurair Tarmac partnership stands to do well out of an Emirates construction market which now shows positive if patchy signs of a revival. Abu Dhabi in particular is still regarded as a buoyant—if highly competitive—source of new work.

Turnover in the Emirates, he says, could realistically reach around £25m a year, and to prove the point has announced another batch of road and airport runway contracts worth £10m.

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Two other shopping complexes are under construction in Dubai but Al Ghurair will be the first to open.

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## LEGAL NOTICES

IN THE MATTER OF THE COMPANIES ACT 1948 AND IN THE MATTER OF R. A. FORRESTER (FIRM, MERCHANTS) LIMITED.

Registered Office: 33, Clifford's Inn, Fetter Lane, London EC4A 1AH  
NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act 1948, that a MEETING of the CREDITORS of the above-named Company will be held at 33, Clifford's Inn, Fetter Lane, E.C.4, in the City of London, on Tuesday, 19th February, 1980, at 11.30 a.m. for the purpose mentioned in Section 294 of the said Act.  
Dated this 22nd day of January, 1980.  
By Order of the Board,  
D. L. BEVAN, Director.

## THE COMPANIES ACT 1948 TO 1987

### NECCATE LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of Leonard Curtis & Co., situated at 3/4 Bantlick Street, London W1A 3BA, on Tuesday, the 5th day of February 1980, at 12 o'clock, for the purpose mentioned in sections 294 and 296 of the said Act.  
Dated this 21st day of January 1980.  
By Order of the Board,  
P. PANAYIDES, Director.

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## More for Monk

TWO ROAD improvement projects in Leeds, a rail bridge at Ardsley, Essex, and structural alterations at Kings Lynn, Norfolk, are among new work awarded to A. Monk and Company.

The Leeds jobs are valued at £975,169, and the reconstruction of the rail overbridge in Essex is worth £86,185. The Norfolk project comprises alterations for the British Sugar Corporation and is worth £49,950.

## IN BRIEF

- Envaire (UK) of Haslingden, Lancs, is to supply £425,000 of clean room facilities for a large electronics factory in Barchett, contracting to the Austrian group Kims-Technik Gesellschaft.
- Bristol office of Higgs and Hill has taken a £513,400 contract for a new high bay warehouse at Exeter, Plymouth, for Stafford-Miller, international manufacturing chemist.
- Gilbert Ash (Scotland) has won a £200,000 contract from John Menzies (Holdings) for a retail shop in Dalkeith.
- Graham-Wood Structural (Amsteel group) has won a £171,000 order for the fabrication of structural steel required for shipwrights, sheet metal and welding shops at HMS Sultan Workshops, Military Road, Gosport, Hants. Laing is main contractor.
- Walter Lawrence Group has secured a £234,000 contract to construct a warehouse at RAF Station, Woodbridge, Suffolk, and a further £120,000 job for construction of a navigational aid facilities installation at RAF Bentwaters, Suffolk.
- Four new buildings for Polish Ocean Lines under construction at La Ciotat and St. Nazaire in France are to be equipped with Wilson Walton Incymar marine incinerator units. These were developed in close collaboration between Wilson Walton and EGCI Pillard, one of France's main industrial incineration specialists.



NO SHRED OF DISPUTE WITH PRIVATE SECTOR, SAYS LORD DENNING

## Appeal judges ban steel strike call

THREE JUDGES of the Appeal Court in London, headed by Lord Denning, directed on Saturday that officials of the Iron and Steel Trades Confederation call off their instruction to members in all private steel companies to join British Steel Corporation strikers.

The judges said the union's order to stop movement of steel in and out of the country must also be cancelled and that all picketing of private sector premises must end.

Lord Denning, Master of the Rolls, said: "This is one of those cases where the effects on the country of such a strike would be so disastrous that it seems to me it is only right that this court should grant the injunctions requested."

The successful appeal by 16 private steel companies to stop their workers joining the strike was made at an emergency all-day sitting of the Appeal Court.

The judges allowed the companies' appeal and overturned the decision on Friday by Mr. Justice Kenneth Jones to refuse to grant injunctions against the Iron and Steel Trades Confederation.

The union was ordered to pay the companies' costs and was refused leave to appeal to the House of Lords.

Lord Denning said: "House of Lords judgments showed the court have a discretion to prevent a strike which could cause grave damage to the economy and the life of the country, and put the whole nation and its welfare at risk."

He said it was important to distinguish between the public and private sector of the steel industry. There was no dispute between the private sector workers and their employers.

The workers in the public

sector demanded higher wages and did not achieve their desire, so they called a strike from January 2.

The strike did not achieve its objectives, and on January 16 the union decided to call out the private sector workers, who were ready to go on with their work. Ballots had shown that most of them wished to carry on working.

Nevertheless, they were ordered to strike and if there was no court order they would lose their union card and perhaps their employment, said Lord Denning.

The union had also decided that all steel movements in and out of the UK were to end. The workers in the private sector had no quarrel with their employers and the question had to be asked why the union decided to extend the strike.

"It is amply shown," said Lord Denning, "by letters written by Mr. William Sils (general secretary of the ISTC) and instructions given to all the branches that by this time the union had decided that one way or another it might hope to achieve their ends was to bring pressure to bear on the Government."

They knew that British Steel "had no money—or could not have any more printed."

Lord Denning said a strike in the private steel sector would have a disastrous effect not only on all the private companies but throughout British industry.

In refusing to grant the steel companies injunctions on Friday, Mr. Justice Kenneth Jones had felt himself bound by the House of Lords ruling in *Express Newspapers v McShane*, said Lord Denning.

In that case, involving secondary picketing, the Lords overruled Lord Denning and two other Appeal Court judges.

"We have gone through the Lords judgments in that case, and they are not nearly so clear as some would believe," said Lord Denning.

In the present case the court they would provide more money. It could not be said on the present evidence that that was a trade dispute affording immunity under the 1974 Act.

Lord Justice Lawton, agreeing that the appeal be allowed, said any trade union could bring pressure to bear on a government, provided they did it in a lawful way.

Lord Justice Ackner said there was an arguable question whether there were two disputes, one with the British Steel Corporation and the second with the government. If that were so there were no valid grounds for the claim that the strike of the private sector workers had been called in furtherance of a trade dispute.

Government to change its policy—and that is not a trade dispute at all," said the appeal judge.

"As I see the evidence before the court, what has happened since January 16 is not in furtherance of a trade dispute."

Lord Justice Lawton said that no doubt the union had hoped for victory after a short strike because the history of the last two decades tended to show that whenever there had been a dispute between unions and a nationalised industry there was a tendency for government intervention, followed fairly quickly by a settlement to the advantage of the strikers.

"Unfortunately for this union there was not any government intervention and it became clear there was not going to be any in the foreseeable future."

"It followed, therefore, there was going to be no quick victory and the dispute would be one of long attrition. That was one of the reasons the union decided to call in private sector members."

Also agreeing, Lord Justice Ackner said there was an arguable question whether there were two disputes, one with the British Steel Corporation and the second with the government. If that were so there were no valid grounds for the claim that the strike of the private sector workers had been called in furtherance of a trade dispute.

avoidance of doubt that where an application is made to a court, pending the trial of an action, for an interlocutory injunction and the party against whom the injunction is sought claims that he acted in contemplation of furtherance of a trade dispute, the court shall, in exercising its discretion whether or not to grant the injunction, have regard to the likelihood of that party's succeeding at the trial of the action in establishing the matter or matters which would, under any provision of section 13, 14(2) or (15) above, afford a defence to the action."

And section 17(2): "It is hereby declared for the

### Ruling's basis in law

THE TWO sections of the Trade Union and Labour Relations Act, 1974 (as amended in 1976), relevant to the ruling are 13(2):

"For the avoidance of doubt it is hereby declared that an act done by a person in contemplation or furtherance of a trade dispute is not actionable in tort on the ground only that it is an interference with the trade, business or employment of another person, or with the right of another person to dispose of his capital or his labour as he wills."

And section 17(2): "It is hereby declared for the

union's dispute with the BSC was certainly a trade dispute. But there was not a shred of a dispute in the private sector. The second dispute was between the union and the Government so as to bring pressure on the Government—to bring them to heel"—so

lawful way. But immunity from legal action applied only where the pressure was in contemplation or furtherance of a trade dispute.

It is plainly arguable in the present case that the objective of this proposed strike in the private sector was to coerce the

## Tribunal gives pay boost to electricity engineers

BY PHILIP BASSETT, LABOUR STAFF

ENGINEERS in the electricity supply industry have been awarded pay increases of 2.4 to 6.5 per cent by an arbitration tribunal. The award could have serious implications for pay negotiations in progress with the industry's 96,000 manual workers, one of Britain's most industrially powerful groups.

The award, the final part of last year's settlement for the 27,000 engineers, takes the level of their deal for the year to 25.5 to 28.4 per cent, one of the largest agreements of the wage rounds.

The award tops up an interim increase of 23.1 per cent awarded to the engineers last July. Even at that level, the deal caused manual workers to give notice of industrial action in the power stations, which was called off only days before the deadline, when the Electricity Council matched the engineers' offer.

Negotiators for the manual workers warned yesterday that the award could spell further difficulties in negotiations this year. The manual unions have already tabled their claim for substantial pay increases and a shorter working week, estimated unofficially to be worth in excess of 20 per cent. They are due to receive a reply on February 7.

The engineers' award is expected to feature largely in the negotiations. Mr. Frank Chapple, chairman of the trade union side for the manual workers and general secretary of the Electrical and Plumbing Trades Union, said yesterday that the award would not help to moderate the expectations of his members. "I'm afraid that what the arbitration award has done is given us a really never-ending problem. I can't see any way of it being solved in a reasonable fashion."

The manual workers' objection is not just one of a widening differential. The relative between the manual workers and the engineers, on which the award is based, takes no account of the productivity improvements of the manual workers which mainly stem from large scale reductions in the manual work force.

Shop stewards in the industry also warned yesterday that the award would place further pressure on the council to meet the claim. The unofficial shop stewards committee will consider the award, and the employers' response to their own claim, at a meeting in Doncaster in about two weeks.

Power engineers covered by the award operate the grid system and control the distribution of electricity. The award also covers managerial grades up to all but the most senior level.

The award, given by a tribunal

chaired by Professor Sir John Wood, of Sheffield University, is the final part of a pay deal for the engineers, who are mainly members of the Electrical Power Engineers' Association. It will be backdated to November, and confirms a five-year-old pay relationship with the manual grades in giving the most easily comparable engineers' rate a rise of 2.4 per cent to take the overall increase for the rate to 25.5 per cent.

In fixing the top level of an increase of 28.4 per cent to take the rate in question to £18,750, the tribunal is sharply critical of the Top Salaries Review Board, chaired by Lord Boyle, which sets the pay of chairman and deputy chairman of Area Electricity Boards, as well as of the chairman of the Central Electricity Generating Board, and other senior public officials.

The figures set by the Boyle review for the senior area officials effectively became a ceiling for increases for senior managerial staff, a few grades below, covered by the tribunal's award. The tribunal urges a review of the way Boyle operates in the industry, saying that the Boyle figures ought not to be acceptable as a permanent feature of the salary structure.

Mr. John Lyons, general secretary of the EPEA, welcomed the establishment of a firm relationship between engineers and manual grades.

## Union denies motives were political

THE APPEAL COURT hearing had been told by Mr. Alexander Irvine, QC, for the 16 private steel companies: "The object of the strike is to coerce the Government into changing its policy."

Mr. Irvine said the private sector accounted for about 17 per cent of Britain's crude steel production, as well as processed steel, and their activities were vital to Britain's manufacturing industry.

The Iron and Steel Trades Confederation was claiming immunity under the 1974 Trade Union and Labour Relations Act to inflict great damage on the innocent public and a section of industry with whom it had no quarrel.

If the strike in the private sector went ahead production would be stopped at 50 companies and losses would be about £10m a week.

At one private steel company employees had voted 129-44 against strike action in a secret ballot, said Mr. Irvine. At another the strike would be the first industrial trouble for 30 years.

The GKN companies would lose over £404,000 a week from a strike, export orders would be at risk, and there would be permanent loss of jobs and "disaster for the company," which had already suffered a big financial loss.

Mr. Melville Williams, QC, for the union, read affidavit evidence from Mr. Leslie Bramley, president of the ISTC.

In it Mr. Bramley stated: "I utterly and completely reject that the strike is political. I believe that extending the strike to the private sector will end in a quick and satisfactory settlement."

Every member of the union's executive had one object in mind—"to force the BSC to increase its offer to its members."

The confederation was relying on sections 13 and 17 of the 1974 Act in that instructions against which an injunction was being sought was issued in furtherance of a trade dispute.

Mr. Bramley said it was the first time his union had been involved in a national strike since the 1926 General Strike.

"We are a moderate union and we regard the withdrawal of labour as the absolute last resort," he said. "We will consider any reasonable pay offer."

The original 2 per cent pay offer was subject to the union agreeing to a total loss of 53,000 out of a BSC workforce of 153,000. This involved the closure of many plants and the loss of 11,500 jobs.

The union feels that the intractable attitude of the BSC over weeks of negotiation was due to the nature of the organisation of BSC," said Mr. Bramley. There was nothing political about it.

The BSC was something akin to a Government subsidiary so pressure had to be put on the Government to relax its hold on BSC's purse strings as if it were a public limited company.

"The fact that the Government is a political body and not a limited company does not change our industrial purpose of putting pressure on the Government—into a political purpose."

Mr. Irvine submitted that the intended strike could not be in furtherance of a trade dispute, and therefore enjoying immunity under the law, because its admitted aim was to make the Government change its policy.

Parliament, in passing the Trade Union and Labour Relations Act, could not have legislated for its own destruction by giving immunity from the civil law, to action taken with the aim of changing government policy.

Mr. Irvine submitted that what had happened was that the industrial action with BSC had "come to rest" and a new dispute had now begun with the Government over its refusal to make more money available.

Mr. Melville Williams, for the union, said its executive had decided to take action against the private sector of the steel industry because it believed that the Government was taking a hand in the dispute with BSC. The strike, therefore, was in furtherance of the dispute with BSC within the meaning of the Act.

Mr. Williams said the morale of BSC workers would cease to be undermined if the private sector went on strike, and "many members in the private sector felt they should go on strike."

Lord Justice Lawton: The fact that the Government says, "We are not going to give you any more of the taxpayers' money"—is that intervention in the dispute?

Mr. Williams: One of the union's arguments is that part of the Government's £440m aid to the BSC could be released to pay part of the men's increased wages.

Saturday's Appeal Court action had been brought against Mr. Bill Sils and two other ISTC officials by 16 companies. They were: Duport Steels, of Warley, West Midlands; Ductile Steels of Willehall, Staffs; British Rolling Mills, of Tipton, Staffs; Brynmboe Steel Works of Wrexham; Glynwed Steels of Birmingham; Sheerness Steel, Kent; GKN Products and GKN Reinforcements, all in Cardiff; and seven Sheffield companies—Firth Brown, Lee Steel Strip, Hadfields, Osborn Steels, Osborn Steel Extrusion, Edgar Allen Balfour Steels, and William Oxley.

Union denies motives were political

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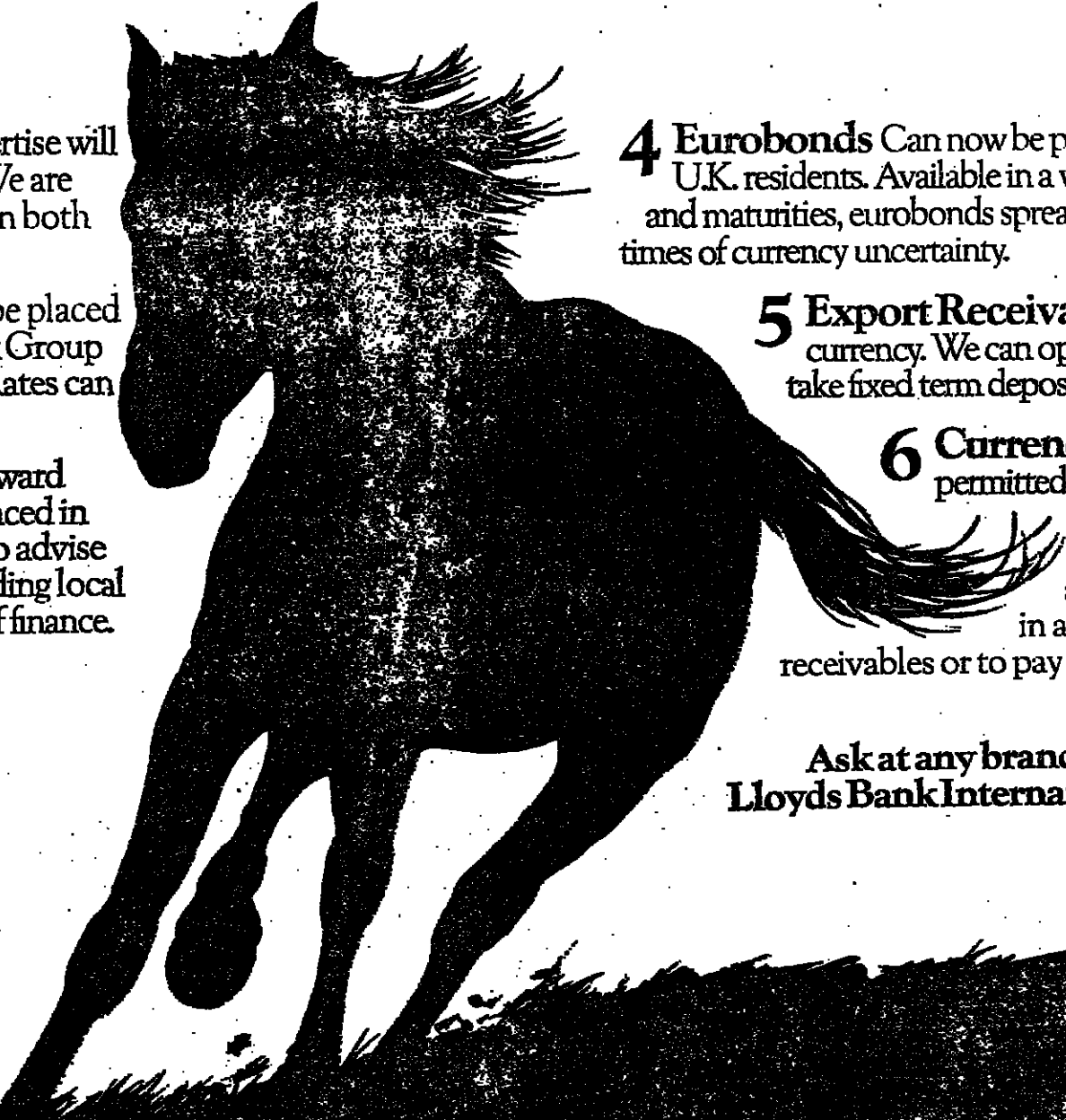
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## THE ARTS

ICA Theatre

## Dance Umbrella

by CLEMENT CRISP

The purpose, and it is a valuable one, of Dance Umbrella, is to provide a case for the many small and experimental Contemporary Dance groups in this country, and, by inviting foreign participants—the Dutch Springbank and Pauline de Groot; soloists from the U.S.; an ensemble from Canada—to offer comparisons and contrasts. During the last five weeks this omnium gathering of dance will be seen in Plymouth, Cardiff, Bristol, as well as at five sites in London. Inevitably, standards will vary; it would be unrealistic to suppose that there is enough creative talent to make each evening memorable, and not the least important of this festival's achievements will be separate choreographic wheat from tedious chaff for future sponsorship.

I saw three of the initial performances at the week's end. The setting was the ICA Theatre, far from satisfactory because of poor sight-lines. It would, however, need more than an improved location to make much sense of the programme by the American dancer Naomi Sorokin on Wednesday. I found the only enjoyable aspect of the evening to be the contributions of the cellist Lesley Shrigley Jones and the pianist

Santiago Mantas, who accompanied Miss Sorokin and also gave well-judged performances of the Debussy sonata and Hame's early Sereade for solo cello.

Miss Sorokin offered two works by Rachel Lampert: a dull "classical" solo which betokened on Bach's third cello sonata, and a rag-bag of posturing in which she impersonated a deeply silly woman and chatted to herself while getting in and out of variously tiresome poses. A Kodakish by Anna Sokolow was rampantly emotional "in memory of Anne Frank". Phyllis Lambuth's Beethoven Rondo rambled blandly on. Nothing Miss Sorokin did persuaded me of any merit in the occasion.

The programme of dances by Ingegerd Lönnroth on Thursday was stiffened by the participation of artists from the London Contemporary Dance Theatre. After some dim prancing to renaissance lute music for four girls entitled *Small Dances*, two larger pieces suggested interesting choreographic ideas in need of tightening and pruning. *Tiger Soul* had an anonymous taped score which sounded as if it eldén tea-servers were being reduced to smithereens as four dancers grappled languidly; *Helix* accepted the spiralling

form implicit in its title (as did Barrington Pheloung's attractive score for clarinet, oboe, viola and guitar) but dissipated its energies, seeming too caught up in its own convolutions. An important structural message came with Jane Dudley's *Six Little Piano Pieces* which used Schoenberg's score for succinct, Klee-like epigrams for Jaynee Lee, wherein brevity and concentration were both attractive.

On Friday night dancers from the London Contemporary Dance Theatre presented an evening of experimental works. Three were thunderously intense, and only the closing section of Christopher Bannerman's *I Sing the Body Electric* moved from studio exercises into the stronger and more focussed manner needed for public performance. Patrick Harding Irmer provided a brief *Picnic*, about a family—parents and two children—enjoying themselves, and because it aimed no higher than anecdote, it looked purposeful and, in the thought, entertaining. Like everything else in the evening, it was well danced. But the best thing at the ICA is an exhibition of photographs by Charles Meehan: poetic views of Pennine scenes, hanging in the corridor which leads to the theatre.



Charlotte Cornwell

Warehouse

## Bastard Angel

Watching Barrie Keeffe's ambitious new play on Friday night in company with a predominantly middle-aged audience (well, it is advertised as "not suitable for children"), it was hard to avoid the impression that here was a big-scale piece not really good enough for a big stage but offering, almost vicariously, a few insights into an alien culture. Rock star on the slide, victim of all that money, booze, alienation from roots, travel, cocaine, etc. Joplin, Morrison, Hendrix, perhaps even Presley. They were all destroyed in the end.

Mr. Keeffe's heroine, Shelley, lead singer with the Angels, conforms to all the received ideas on the subject except in one crucial respect. She is not particularly self-destructive. Just a bit of a slob with a touching line in self-delusion that suggests she can keep true to herself by swearing a lot. In the course of a very long evening, it is not until about 10 o'clock that any real evidence is produced to explain why Shelley is on the slide. In Brighton she has been somewhat wily seduced by a middle-class groupie. He turns up again in the Essex country mansion she

has taken on. He is one of the children she has abandoned. The major weakness of the play is that the destructive effect of the incest revelation, the bounding in the Press and so on, is weakly dramatised. Charlotte Cornwell, who has played Shelley with a fine and distant arrogance, suddenly goes a bit silly and starts mooning around in a blanket and listening to Sibelius. Mr. Keeffe has been badly caught out by the demands of narrative in what, I imagine, he started off as an impressionistic look at the rock world.

The action is shredded through four very exciting interludes at the Berlin concert which has marked Shelley's return to the stage after her breakdown. Andrew Dickson's music is marvellous, very well performed by Miss Cornwell and the actor/musicians, especially Daryl Read on the drums. It has a feel of glitter rock and roll about it, but it is also very aggressive. The final song is Ben E. King's "Stand By Me." Shelley, having rejected sympathy and friendship in life, pleads for it in her act. The new Betty Midler film, *The Rose*, covering similar territory, is almost as long as *Bastard*

Angel and suffers from the same sort of sentimentality and long-windedness. But at least Mr. Keeffe can write funny lines, of which there are many, even if his usually sure touch with dialogue deserts him occasionally. The country house passages I found tedious. Shelley has bought the place to revenge herself on a couple of snobbish servants who cold-shouldered her at a gig she once played there. For a character so anxious to be "herself," the ritual humiliation of the butler (fellatio on the dining table by a Swedish groupie) is slightly incredible.

Bill Alexander's direction does little to sort out the jumble of the play and is often—except in the Berlin interludes—irritatingly inaudible. Donald Sumpter gives a lovely portrait of a lipping, 40-year-old punk ally of Shelley; Alun Armstrong giggles and plays guitar convincingly as a bottle-nosed Che Guevara leather boy; and Cheryl Hall doubles a foul-mouthed, sex-starved administrator with the fellingating body in an enticing off-the-shoulder body stocking although, for some reason, she lists herself as Georgette Lindsay in the latter role.

MICHAEL COVENEY

Festival Hall/Radio 3

## Tippett

by MAX LOPPERT

The Tippett 75th birthday celebrations spread Londoners a rare feast last week: two major orchestral works in two successive concerts at the Festival Hall. On Wednesday evening Antal Dorati and the Royal Philharmonic included the Concerto for Orchestra in a programme of Haydn and Dvorak; on Thursday Haitink and the London Philharmonic placed the Third Symphony alongside Mozart's minor K550. The first was broadcast on Radio 3, and the second recorded for future transmission.

The experience of hearing both was notably enriched by this South Bank succession. The Concerto (1963), a further development of old new ideas about forms and sounds first outlined in Tippett's second opera, *King Priam*, is one of the most exhilarating of all his orchestral compositions. At this time, Tippett was striking out along a new path. In the Concerto he "collides" different orchestral groups, each with its characteristic thematic material, rather than conventionally synthesising them: the discourse proceeds by means of dramatic contrast and dramatic juxtaposition.

The Dorati/RPO performance was a little underpowered, lax about rhythmic definition and wanting in forward movement, though more successful at characterising the lyrical impulse that lies behind even these supposedly sharp-angled and hard-edged blocks of sound. It was not wholly persuasive of Tippett's having achieved a thoroughly integrated structure.

And that was, I felt, the conductor's rather than the composer's fault; but it was an apt demonstration of the imaginative profusion of the music, sensed in delight in such things as the proud strut of the first-movement horn tries and provocation of stuttering trumpets, the exfoliating beauty of the slow movement solo cello, and the argumentative enthusiasm of the coursing violin triplets in the third.

The Third Symphony (1972), almost as evocative of *The Knot Garden* as the Concerto of the earlier music-drama, seems in its first half—which is to say, in its first two movements—the most eloquently inspired and completely achieved orchestral music Tippett has ever written. The innovations of the earlier period have been absorbed, the gains reinvested (one of the advantages of hearing the two in such close proximity was the close demonstration of this point, particularly in the Tempo 1-Tempo 2 contrasts of the open-

ing Allegro). In particular, the slow movement that calms the sudden, jagged interruption of the fast with a gentle, mysterious whisper of percussion and the spiralling slow dance of the solo viola embodies perhaps more potentially than any other in Tippett's music the special charms it has, unique in our century, to soothe savage breasts. Though elsewhere in Haitink's performance the playing was not always securely gathered, the effect made here was exquisite. And then the Scherzo, the quotation from the fourth movement of Beethoven's Ninth, the entry of the soprano soloist, and the *Finale*—the abundance of compassionate generosity in the statement about 20th-century experience made by the vocal movement, and however warmly I respond to the brilliant vitality and high colour of the vocal lines, I cannot escape awareness of a giant question mark hovering over the yoking-together of so many incompletely assorted styles and poetic images. I would be interesting, once, to hear an American soprano—Jessye Norman?—undertake the solo; for perhaps the gain in idiomatic character would provide the "binding" felt to be missing last night. Janet Price, a warm-hearted and (in lines not requiring quick agility) poised soprano, can hardly be blamed for betraying in accent and vocal movement that the blues is not her birthright.

A brief word about two new Tippett books. David Matthews' short "introductory study," *Michael Tippett* (Faber Paperbacks, 112 pages, £2.95) is admirable: a lucid introduction simply stated but never simplistic in approach, to the music and the man—the newcomer will be persuaded that all the birthday fuss is, at the least, merited, the confirmed Tippett-lover finds rewarding explanation of the coursing violin triplets in the third. White's *Tippett and His Operas*, 142 pages, £7.95) contains material of interest not available elsewhere: it is a form of series of letters exchanged between the author and the composer during the genesis of *The Midsummer Marriage*. For this reason only, the book is worth examination; otherwise, the style is prosaic, the level of discussion low, and the treatment of the operas musically unenlightening. The inclusion of *A Child of Our Time* as an oratorio taken here as a dry run for the operas is, to say the least, unconvincing.

Wigmore Hall

## Duo Corre-Exerjean

Philippe Corre and Edouard Exerjean are a duo of some four years' standing, and they appeared at one piano on Friday in an all-French programme. It was very much an after-dinner programme, though moderately enterprising; I regretted not having dined. The duo did not appear to be enjoying themselves much, either.

They played with solid taste and efficiency, regularly exchanging places at the treble and bass ends of the keyboard. Exerjean, the more volatile performer, was inclined to overweight the bass, but they were otherwise professionally unanimous. Their correct account of the "Dolly" Suite of Fauré lacked a little affection, as Bizet's *Jeux d'enfants* lacked verve and colour (they expounded Bizet's little pieces very dryly, almost as if they had settled the perennial aesthetes' problem about who controls the pedal by agreeing to use it as little as possible). From their rendition of *Souvenirs de Bayreuth*, a rude

Wagner travesty by Fauré and Messager, it was difficult to tell whether they think it a joke—it is anything but a deadpan joke, and yet they betrayed no hint of mischief.

Corre and Exerjean warmed somewhat in the second and more demanding half of the recital, though they hustled through Satie's pungently original and touching *Trois morceaux en forme de poire* as though anxious to make the set reassuringly normal and unpeccable. Their brittle energy suited Poulenec's very early Sonata well, and they attacked a pianist's version of Milhaud's *Le bœuf sur le toit* with enthusiastic panache. (The piece itself seems slender indeed without its garish orchestral trappings.) It dispelled at last a certain *froidure* which had touched all the earlier proceedings. The duo probably has much more communicative evenings. The programme-sheet might reasonably have warned the audience that Satie's "trois morceaux" in fact number seven.

DAVID MURRAY

Greenwich

## Liberty Hall by ANTHONY CURTIS

What are Warwick Deeping, Enid Blyton, Geoffrey Wynn and Hugh Walpole doing in Balmoral Castle in 1937? Michael Frayn keeps us guessing about that for 20 minutes, while they eat their breakfast in a bare, bleak, antlered room, whose huge grate contains only a two-bar electric fire.

Clue number two lies in the fact that the kedgerie is made of turnips and barley, not rice and fish. Clue number three in the surliness of the butler, McNab, who stumps about in wellies and a green beige apron. Here is no mass investiture for the Companion of Honour; instead, there has been a workers' takeover of Britain in

1917 and the one-time Royal residence is now a home for writers in which the above-mentioned scribes are immured, under the surveillance of one Skinner, a role as tailor-made for George Cole as his double-breasted suit.

Poor Enid (Rowena Cooper) suffers most, not only from the lack of heating but because her books are now judged to be subversive. She is forced to write erotic poetry. Dear Godfrey (Julian Fellowes) in a silk cravat tries to look on the bright side and remain a gentleman. Deeping (Anthony Sharp) has withdrawn into resigned aloofness. Hugh Walpole is sinisterly absent.

Skinner, while blowing them all up for not leaving their meal vouchers on the sideboard, announces Hugh has "left." They all know what that means and squabble over who should occupy his room. In the midst of this, he returns and expires of a heart attack when he sees what has happened to his possessions.

The reversal of situations between some iron-curtain regime, as it might be today, and Britain, as it might have been then, takes an unconvincable time to become established. You feel that what might have begun as a writer's fantasy after a good dinner, and then gone on to become an excellent New Statesman competition, has become promoted way beyond its station as a full-length play.

But at this point, in Alan Dosses's production, things begin to look up with the arrival of a visiting journalist from capitalist Russia (Oliver Cotton and his pretty guide, Jill Meager), who demand to see Walpole. The only thing for it is that McNab should put on Hugh's specs and topcoat, and give them what they want. It is here, in the nick of time, that Mr. Frayn shows considerable skill as a farceur and proves to have many more reversals and surprises up his sleeve than we had bargained for.

Rikki Fulton, a pantomimic comedian with a Formby-size grin, doubles the roles of Walpole and McNab, with splendid dominance. As tots of whisky reluctantly prised out of Skinner begin to circulate, the cards of identity among the group are doubled and swapped like some manic game of pelmanism. Mr. Frayn loved only his group scenes. He has an empathy with the need of people living under a repressive regime to escape from themselves in orgies of drunken soul-stripping hilarity. He has been fortunate in his director and cast, who give him strong support at all points. The laughter was continuous. The play does well by the Greenwich stage. Whether it will ever reach the West End I am not sure, but it certainly seems a natural for Pithoutry.



Rowena Cooper, George Cole and Jill Meager

Elizabeth Hall

## Finzi and Lutyens

The Richard Hickox Orchestra has become the City of London Sinfonia; and, to mark the change of name, Mr. Hickox, the orchestra, and the Richard Hickox Singers (a small choir of the very highest quality) offered on Saturday evening a *Salutation to English Music*. Mostly, it was English music of a certain sort—a hinge of early 20th century modality, of winding, sleepy, Anglican-tempered melody in anapaestic and dactylic metres, gently loping along. Together, two Holst Psalms, 46 and 148, for chorus and small orchestra, and Vaughan Williams' *Flos Campi* for solo viola (Garfield Jackson, a sensitive, nervous soloist), wordless chorus, and small orchestra, made for a rather unvaried concert start.

Gerald Finzi's *Dies natalis*—the concert was partly sponsored by the Finzi Trust and there was more of his music after the interval—compelled a less vagrant attention. The five movements for string orchestra, four of them high voice settings of Traherne, are each finely achieved. Though performance of single parts is permissible, the feeling of the whole is strongly cyclic. The string writing flows, sonorous, detailed. The vocal settings invoke both philosophy and fervour, redolence and mystical rapture

—Finzi's ability to set the English language with unforced precision and naturalness deserves study quite as close as Massenet's French. (No other comparison is intended, and no other is possible.) I find the emotional range of the music very limited; but wonder whether a performer of higher voltage than Philip Langridge might not impart a different impression. This is not to suggest that Mr. Langridge's performance wanted suitable style, or was not forthrightly and surely moulded (except, that is, when the lines curved upwards—the unfocused sound of the tenor's top five notes becomes increasingly troublesome). But, rather, that he, and Mr. Hickox, did not urge the music into unusual candour or break one's early-settled expectations of it.

A world away from its concert companions was Elizabeth Lutyens song cycle, *Elegy of the Flowers* (1978)—this was the first performance of a work commissioned by Mr. Langridge with Arts Council funds. The four poems are by Cavafy; each clothe a single observation, of an emotional state or of a physical world, in verse so clear, sharp, and fragrant as to communicate its special character even in translation (these are by Rae Devlan). Lutyens has

risen to Cavafy, quite as vividly as she rose to another distinguished European poet of this century, Quasimodo. In 1967 *And Suddenly It's Evening* (a cycle whose solo Philip Langridge has often undertaken with great skill).

*Elegy of the Flowers* is a linked set of what are called "canzonas", vocal-instrumental alternating with purely instrumental. A four-note motive—in later guises oddly reminiscent of Wozzeck's "Wir arme Leut"—makes briefly concrete the intensely poignant but at times almost disembodied lyricism of the music. The vocal line is a heightened kind of recitative; the instrumental writing at once spare and continuous in momentum, radiates a secret magic. In a central non-vocal canzona, a six-bar episode for tremolando violins and violas, horns, and a glockenspiel tingling along a sextuplet ostinato, repeats itself first twice, then twice, and finally just once: it seems to sum up the mature, hauntingly beautiful musical response to poetry of like quality.

There was a substantial amount of excellent verse to be heard during this concert. The failure to print any of it in the programme was deplorable.

MAX LOPPERT

SOCCER BY TREVOR BAILEY

## Liverpool end the Forest hoodoo

NOTTINGHAM FOREST were the one team able to dispute Liverpool's claim to be the finest in the land and could support this by a series of successes against them in vital games. Since Forest sailed back into the First Division under the pennant of Brian Clough they have stolen the League title from Liverpool, beaten them in the final of the League Cup—the one title to have eluded Bob Paisley's men—dismissed them from the European Championship and succeeded them as European champions.

Chances

When the pair clashed at Nottingham in the fourth round of the FA Cup, Liverpool knew they had won only once and scored three times in their last 10 meetings, and they also had lost 1-0 in the first leg of the League Cup semi-final earlier in the week despite dominating the match. It therefore provided a test of both ability and character and

emerged with great credit. Their 2-0 victory was thoroughly deserved and did not adequately convey their all-round superiority throughout a game they controlled from start to finish.

Employed

Although the only goal in the first half was eagerly snapped up by Daighish, after Shilton had made an uncharacteristic mistake, this fine Merseyside machine created seven positive chances, whereas Forest managed only one, a long-range drive straight at the keeper.

At half time Brian Clough substituted Burns for Lloyd and, more intriguingly, moved Francis, who had been employed as a twin spearhead with Birtles, back to the right hand side of his mid-field line. He also pushed O'Neill forward in his place up front, presumably because the Irishman is less worried by the indifferent, almost non-existent service, tight marking and little support than his more talented

but less aggressive colleague.

In the opening stages of the second half the host team exerted some real pressure, but even then one felt that if they did equalise it would be as a result of a goalmouth melee rather than from a clear-cut opportunity. Eventually a penalty settled the issue.

If one examines the composition of the two teams nobody should be surprised at Saturday's result. Man for man, and especially in that mid-field engine room, Liverpool are for the most part superior, and on this occasion they were at least a class better. The real surprise is that Forest have done so well against them. It certainly underlines the outstanding attribute of Brian Clough as a manager, his proven ability to make a team and the individuals in it consistently play above themselves.

Last week managers were warned not to criticise referees, who have a difficult job without the advantage of action replays. However, they do make too many mistakes for comfort, especially in their use of the yellow card,

so that one can understand a manager's frustration.

With so much at stake and the niggles from the previous meeting still fresh in mind it was always probable that some ill-temper would spill out and fouls occur, even from two such well-disciplined sides, in which nobody can afford to be suspended in case he loses his place.

Faced

The referee, Mr. White, was correct to be strict, but rather over-did the bookings, some of which were undeserved. The player who dribbles, and suddenly realises that he has allowed the ball to drift just too far ahead of him and will lose it, is faced with an instant decision.

His only choice to regain possession is a desperate tackle, in which the odds are that he will be late and probably come off the worse. The brave, possibly the foolish, will take this instinctive gamble, which if unsuccessful warrants a foul, but hardly a yellow card.

RUGBY BY PETER ROBBINS

## Sanson's refereeing will be missed

ONE OF the saddest pieces of news in Rugby circles last week was the announcement that Mr. Norman Sanson had resigned from Scotland's international referees' panel. The reasons are varied—increased business commitments, less time to keep fit, and more significantly, a self-confessed lack of motivation to carry on at the highest level.

He will be very much missed. His firmness has become a byword in the game and the great pity was that the two sides met so early in the competition because Orrell would have beaten most of the other teams.

Leicester are a well-prepared side and much better equipped in the rucks and mauls where the strength of Cowling, Wheeler and Redfern was well supported by Adey. This gave them a constant supply of possession and they were able to hustle the Orrell pack and pin down defenders. The Leicester forwards were most adept at slipping the ball among themselves, with Adey seeming to be at the centre of this.

Like so many other clubs, Leicester are short of two

to be a good deal of light badinage. I suspect that the hamster these days has more edge to it. Certainly the referee's job is much more difficult now because of the complexity of laws and increased competitiveness.

Mr. Sanson was in charge of Leicester's John Player match on Saturday against Orrell. Leicester the trophy holders, won 16-7 amid a genuinely lively cup atmosphere for this thrilling game. The pity was that the two sides met so early in the competition because Orrell would have beaten most of the other teams.

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second-row forwards. Joyce is still not fit and neither Gillingham nor Hazlerigg is really big enough. Leicester conclusively lost the early line-out to Bainbridge, until they began to use Adey with great variety.

It was a good job that Leicester scored 10 points in the first half-an-hour, because after that their halfbacks, Kenney and Cusworth, lost their way tactically. Cusworth is clearly still in shock after his international experience and it was left to Dodge, Woodward and Hare to give the Leicester backs real momentum. Woodward gets away at club level with his alarming tendency to double back across the field but he will not do so in Paris next week.

Orrell's rise in rugby has been meteoric and they have obviously been thoughtfully coached by Des Seabrook. The lack of bulk in the pack is a problem. It did not stop them tearing in to Leicester but good mauling is only possible with good upper-body strength. Nevertheless, the Leicester forwards admitted that they had had a tough time.

Bainbridge played particularly well. The back row of Webster, Balmer and Turner was quite heroic in defence but because of that heavy commitment were quite unable to give the necessary support in attack. Turner unfortunately made one fateful error just on half-time when Orrell were doing all the pressing. A score there would have lifted the team immeasurably.

Orrell's main hope finally lay in counter-attacks with Leicester's wayward defensive kicking (apart from Hare) helping them in this. Prior, whose defensive kicking has been so important in the first half, showed the way and there was quick imitation from Williams. Carleton, Orrell's new England cap, had a good share of the ball but never really with space to build up momentum. It was a great pity that Flawick on the other wing saw so little of the ball because he had the beating of the primary Leicester defence. Orrell may be disappointed at losing but their style of play, unsurprisingly closely resembling the best facets of the League code, made them a lot of friends and new admirers.



# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## COMPUTING

### NCR promotes production systems

A NUMBER of enhancements have been made by NCR to its manufacturing computer systems, the company once again emphasising its growing interest in application areas outside the commercial, retail, financial and government areas. The company predicts "dramatic changes" in the industrial area in the future.

It has two main manufacturing offerings. Its interactive manufacturing and control system (IMCS) is for relatively small scale applications on a stand alone basis and runs on the 8200 mini or the larger 8400. The bigger system, Mission, uses a data-base approach and is for larger scale multi-location systems, probably running on big Criterion mainframes.

IMCS offers a means by which all the key parameters of manufacturing ranging from stock control to order processing can be continuously related and updated, relevant data being entered by keyboard visual display units at the point of origin.

### Powerful aid for writers

JOURNALISTS will have a foretaste of reporting on a computerised paper when they visit the Information Management Exhibition and Conference (IMEC) at Wembley Conference Centre from February 18/21.

The press room will be equipped with a Datapoint multi-function terminal and journalists will be able to use the machine to write stories to meet "immediate deadlines."

Instead of wading through the hundred or so press releases which will fill wall racks in the press room, users will be able to call up information about each exhibitor's products on the display screen of the terminal, which is linked to the Ventek integrated electronic office system displayed on one of the exhibition stands. The information is stored on disc files on the system. It will help journalists pinpoint the specific details they want.

Menu selection procedures on the screen will help them choose

from a list of different types of equipment on display such as word processors or micro-computers. When they have selected the type of equipment, the computer will list those companies exhibiting in that category.

The user selects which company he wants information about. When the information is displayed on the screen, the journalist will be able to edit it to suit his own requirements. Using the VDU keyboard he can add to or amend the basic information provided. When the story is completed to his satisfaction, he can get the information printed out on a printer attached to the terminal, ready to go to his news editor.

Ventek's NBI System 3000 paperwork processor will also be on display at the IMEC exhibition. Ventek, Station House, Harrow Road, Wembley, Middx. HA9 6ER. Tel. 01-903 6261.

## INSTRUMENTS

### Despatches heat data

ROSEMOUNT Engineering has announced the 345 series of rack mounted temperature transmitters and alarms.

These new instruments are based on Euro-card dimensions. The transmitters are powered plug-in units which convert resistance thermometer, thermocouple or millivolt input signals into standard output currents. The alarm amplifier accepts a millivolt input signal and provides changeover relay contacts at the output.

Each transmitter has continuous span adjustment over a 3:1 range by means of a multi-turn potentiometer located on the front panel. Zero elevations and suppression are achieved by the use of board links and front panel potentiometers. The units are designed to be immune from interference by radio telephone transmitters.

An associated racking system to DIN 41494 allows up to 10 units to be mounted on a 19 inch rack, 5 1/2 inches high.

More from Durban Road, Bognor Regis, Sussex PO22 9QX (05493 3121).

### Simplified flowmeter

NO MOVING parts are used in an ultrasonic vortex flowmeter recently announced by Brooks Instrument Co., PO Box 58, NL3900 AB, Veenendaal, The Netherlands.

Basic principle of measurement is that a vortex shedding strut in the liquid flow path causes a predictable series of swirls or vortices downstream, the number of which is directly proportional (per unit time) to the flow rate.

The vortices are detected by an ultrasonic beam and transmitted to a solid state signal conditioner which is designed for remote mounting at a distance of up to 300 metres. Flow is indicated on a percentage scale, or the volume is totalised on an eight-digit non-resetting electromechanical counter.

Ambient temperature limits are -15 to +60 deg C and the meter can operate with process liquids from -40 to +120 deg C. The unit has a virtually obstruction-free flowpath and the pressure drop is only 1.5 psi at maximum capacity.

Trouble free operation is assured with process liquids such as condensate, caustics, acids, hydrocarbons, liquefied gases, beer and particle-laden liquids.

## COMMUNICATIONS

### Solves many hotel problems

BASED ON a background of wired television and audio which goes back to 1963, Television Systems and Research of Beaconsfield is able to offer a communications system for hotels which enables most of the requirements of the modern establishment to be met.

The TSR approach is to have only one multi-pair cable which connects all the rooms and key areas of the hotel to a central computer for purposes which can vary from reservations to check out and billing.

Hotels of 200 rooms and up are the market target for the system, which is based on a Texas Instruments 980 mini-computer and associated keyboard visual display units, disc storage and printers.

## MATERIALS

### Identifies explosive

SAND GRAIN sized magnetic "tags" that can be blended into explosives during manufacture to help identify their source, have been produced by General Electric (USA) for the U.S. Treasury's Alcohol Tobacco and Firearms Bureau.

Each batch of tags would be coded magnetically and uniquely to identify the manufacturer of the explosive and the date and place of shipment.

To help investigators locate the practically invisible particles at a blast scene, they contain a phosphor that glows brightly under ultraviolet (UV) light.

The magnetic code is generated through the use of ferrites—oxide compounds containing iron, zinc and nickel. The ferrites and the phosphors are held together by glass or polymer binders that enable them to survive the detonation of such

high-energy commercial explosives as nitroglycerine, TNT and dynamite.

The technique used in the coding of the magnetic particles takes advantage of the fact that they lose their magnetism when heated to a certain temperature, called the Curie point. When the composition of a particular ferrite blend is altered, its Curie point changes. For example, a ferrite with a ratio of two parts zinc to three parts nickel would have a Curie point of 662 deg. F. But if the ratio were reversed (three-to-two), the Curie point would become 302 deg. F. It is so sensitive that it can readily distinguish between different "tagged" particles with Curie points only 10 to 20 F apart.

The tags are being made at the GE Heavy Military Equipment Dept., Syracuse, New York, U.S.

## ASSEMBLY

### Prepared for wiring

TWO machines are announced for the preparation of cables and components for wiring.

From Sealectro, Walton Road, Portsmouth, Hants (Cosham 73211) comes a hand-operated rotary cutter for stripping the outer copper sheath and dielectric from 0.141 and 0.085 diameter semi-rigid coaxial cables. Designated T1844, the tool is supplied complete with interchangeable guides and has adjustable stops for depth and position of cut. The tungsten carbide cutting blade is replaceable.

The other machine, for production line use, is from Eraser International and will automatically cut, bend, loop and pre-form the axial leads of electronic components. Known as the UF2RL, it is a custom-built machine able to provide a wide variety of bends/shapes in the leads. Production rates of up to 10,000 pieces per hour are possible. Electro-pneumatically operated, the machine measures 30 x 25 x 30 inches and weighs 89 lb. More from Fraser International, Unit M, Portway Industrial Estate, Andover, Hants (0264 51347).

and these are automatically stored and related to the account.

On check out, all guest charges are recalled from the computer and the bill is printed automatically.

TSR, which already has systems installed in Intercontinental, Sheraton, Holiday Inn and Intourist hotels (in Russia) has a turnover of about £3.5m and has made a total of 100 installations in the U.K. alone. About 70 per cent of its business however, is outside the U.K. and a particular success area has been the Middle East.

More from the company at The Old Post House, London End, Beaconsfield, Bucks HP9 2JR (04946 1706).

## COMPONENTS

### Tougher transducers

TELEPERM-F describes robust electrical transducers for measuring the pressure in gases, vapours and liquids.

These Siemens components include transducers for the differential measurement of gas pressure and flow in the low- and high-pressure ranges, the differential measurement of liquids for medium- and high-pressure ranges as well as absolute pressure measurement.

Output is a standardised load-independent dc signal proportional to the measured value. The signal can be displayed, recorded, or fed into a controller or process computer for further processing.

Measurement is based on the metal bellows principle, i.e. the pressure being measured deflects an aneroid type capsule. This deflection is converted into an electrical output signal by a capacitive pick up. The transducers are of simple mechanical construction using a hermetically welded single-chamber movement.

Teleperm-F units for absolute pressure are available in six ranges from 4 to 2,000mbar. For differential pressure they are available in several ranges from 4 to 28,000mbar and for flow metering from 10 to 2,500 mbar. The versions for differential pressure, throughout pressure and vacuum testing have measuring spans from 1 to 20mbar.

Siemens House, Windmill Road, Sunbury-on-Thames, Middx, TW16 7HS. 08327 85681.

## SAFETY

### Micro eye on motor

GENERAL PURPOSE motor protection, servo-controlled current input to a motor or maximum demand monitoring are the three modes of operation that can be obtained from a digitally based protection unit about to be introduced by Oil Patch Associates, 49 Millon Avenue, Rustington, Sussex BN16 2PW (09062 6601).

The company is aiming the product at such installations as induction fans, pumps, compressors, crushers, conveyors, ball mills, and other areas where three-phase motors are employed.

Signal inputs are derived from three current transformers in the phases and in the input stages of the unit these are digitised to provide data for an eight-bit processor. Command and interrogation of the micro are carried out from a terminal which can be remotely connected over a data link at 1200 baud via a modem. A local service keyboard is connected through an RS232 interface, and a mini could also be connected in this way. The micro in turn is connected, within the unit, to power control/switching circuits.

The system can be programmed to perform a number of tasks in motor protection mode including overload monitoring to within one per cent, thermal monitoring, phase unbalance monitoring, undercurrent detection and several others.

Alternatively, overload and undercurrent warning can be replaced by a current input servo controller with separate upper and lower limit settings related to a reference, and independent relays to steer and centralise the servo.

Third mode is maximum demand monitoring in which indication can be obtained of maximum demand exceeding a reference entered in absolute kVA, or a percentage of that reference.

## IN BRIEF

● Econotrac heating cable range now includes types suitable for operation between -52 and +125 deg C, with mains voltage watts per metre ratings of 31 and 16. BICC, P.O. Box 7, Prescot, Merseyside L34 5SZ (051 426 6571).

● RCA has made price reductions of 50 to 80 per cent on its CMOS microprocessors by using plastics packaging. Sunbury on Thames, Middx. (Sunbury 85511).

● Motorola has silicon controlled rectifiers able to dump peak currents of 300 to 1700

amps, designation MCR 67-71. York House, Empire Way, Wembley, Middx. (01-902 8836).

● Plug-compatible analogue input boards for the DEC LSI-11 family can be supplied by Burr Brown, 11 Station Road, Watford, Herts. WD1 1EA (0923 33837).

● Intel can offer the 2114 1k x 4 static random access memory with 50 per cent lower access time and taking about 40 per cent less power. Designation is 2114A. More from 4 Between Towns Road, Oxford OX4 3NB. (0865 771431).

**Thorley**

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Ripon Road, Harrogate, N Yorks. Tel: 01511 Telex 57253

## ELECTRONICS

### Learning the system

REALISING THAT microprocessor hardware (of which there is a good deal) and courses or books on the micro (of which there are even more) are not, taken separately, the best answer of learning about the subject, Cambridge Micro Computers has decided to offer the two together.

The MBZ-80S is a self-contained unit with its own power supply, hexadecimal keyboard and a hardware development system consisting of a solderless breadboard on which to construct circuits to connect other parts of a system, LEDs, switches and so on.

Called the Nanocomputer, the unit incorporates 4000 bytes of random access and 2000 bytes of read only memory, interface for a serial terminal and cassette recorder, two input/output ports, a 26 key keyboard, eight digit display and a fully accessible bus. Expansion is possible.

Also provided is an introductory volume in which the user is taken step by step from fundamental notions to complex programming technique. A second volume deals with interfacing.

Price is £421 and this includes a free one-day course. More from Milton Road, Cambridge CB4 4BN (0223 314666).



# Fresh from the factory.

This rather unappetising specimen may have just left the factory. But it certainly hasn't just left the oven.

It's the victim of inefficient storage.

Perishable goods can only remain unperished with the help of closely controlled stock rotation.

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## THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

## EXECUTIVE HEALTH

## Rash diagnoses

NOT INFREQUENTLY one sees a patient who is in a state of great agitation over something quite trivial. Invariably this is not his fault but that of those he fancies to be his friends—generators of panic in susceptible people, via the exposition of false and often absurd observations born of ignorance and a love of maudlin melodrama.

As soon as the victim mentions that he has some mild distemper, they begin, in a sepulchral fashion, "Oh dear! My poor brother-in-law, God rest his soul, had the same. Not half as bad as yours, though. Come in a week, poor soul!"

Others join in the mournful dirge, so that, by the time he visits his doctor, he is a wreck of nerves.

It is a strange human characteristic to rejoice in this type of thoughtless gloom which causes misery to the patient and wastes the doctor's time. It might be better if we could revive the old vogue for attending funerals—anybody's funeral—to weep and wail and have a jolly good time, at least it might allow these antisocial elements to be ghoulish in less harmful ways.

Then there is the type of friend who likes to play the kitchen Hippocrates. A remark made by one of these to a man I saw recently was as illogical as it was effective. "Well," said this sage knowingly, "the rash of yours must be measles or chickenpox or shingles, seeing you have never had them. Very nasty."

The patient did indeed have a rash. But it was nothing his amateur doctor had ever heard of or could pronounce. His victim was very anxious, but as he had no other signs or symptoms, the possibility of his suffering from any dire disorder could be dismissed.

The average general practitioner sees many skin disorders; indeed they must run a bad second to upper respiratory complaints.

The non-specialist physician often finds these disorders difficult to diagnose and, therefore, to treat. But he may take heart in the knowledge that whatever he prescribes, Nature usually cures the condition as mysteriously as she gave it.

Many correct diagnoses are little more than descriptive; some have charming names reminiscent of flowers, fruits and even sea-creatures. Yet despite this inexact science, the patient is undoubtedly made happier by the knowledge that

the doctor can actually give a name to the disorder, very often this appears to have a valuable therapeutic effect. Further help is given if the physician reassures his patient and supplies him with ammunition against the inquisitive or nervousness of his friends and colleagues.

The particular patient I have in mind had a relatively common condition called pityriasis rosea (which literally translated means "rosy bran"). The disorder is believed to be caused by an unknown virus, and usually begins with a "herald" patch—a largeish red area situated on the abdomen, thorax or back. This is followed some 7-10 days later by the major rash.

This consists of numerous mainly flat, pink spots about the size of a millet seed which, classically, confine themselves to the region which would be covered by a short-sleeved, high-necked T-shirt. Curiously known as "medallions," the spots have fine scales in their centres, slightly raised peripheral edges, and a roseate hue which fades from the centre outwards.

Few skin diseases follow rules but, in my experience, the statement by my old tutor that the condition is commonest between 17-45 years of age certainly holds; and I find a majority of sufferers in their late 20s and early 30s. Presumably it is fractionally infectious or contagious, but it is strange that to find two with the same condition in one family is practically unknown: this shows that isolation is not needed. Fortunately itching is an unusual feature.

Treatment with one thing or another will make the patient happier, and, therefore, according to my unashamedly old-fashioned belief that patients are human beings who will improve more rapidly if treated with care, sympathy and reassurance—recovery will take place more rapidly. But the condition is said to disappear spontaneously in every case.

May I further upset those who compared pityriasis rosea with one of those fell diseases that struck down their relatives, by pointing out that there is no danger to life for either the sufferer or those with whom he consorts. Furthermore, if the brother-in-law who was "gone in a week," had the same skin disorder, then it must have been a bug and not the spots—that killed him.

Dr. David Carrick

## Why Barratt thinks it is safe as houses

Michael Cassell talks to the controversial head of Britain's biggest private home builder



Laurence Barratt: "The City does not always manage to differentiate between good and bad."

LAURENCE BARRATT, the chartered accountant from Newcastle who has taken a little over 20 years to establish Britain's largest private house-building group, is unruffled by the City's grudging acceptance of his success.

Despite its record of consistent growth and almost continuously rising profits, few mentions or appraisals of Barratt's Developments by brokers' analysts pass without some qualification about its prospects. It is regarded by some as a potentially vulnerable operation in an already risky business and Barratt is well aware that his company's name is invariably conjured up and attached to any rumour which might be circulating about impending calamity in the construction sector.

His response to the critics which haunts Barratt's progress is, delivered with an air of resignation which implies regular use. "As a group we have never taken undue risks and never attempted to expand beyond our means. We are in full control of our destiny and very soundly based."

"The City's opinion of Barratt has unfortunately been clouded by past failures in our industry and it does not always manage to differentiate between good and bad. With good management, building offers a sound and secure future, and we want to be judged on our track record rather than on any general theories about the problems surrounding the construction sector."

At least some of the reservations surrounding Barratt's standing are most certainly based on the wide difficulties to which its chairman and managing director refers.

The patchy record of the construction industry overall, regularly used as a crude economic regulator by successive governments, provide sufficient grounds for caution in the examination of any construction group's potential.

The uncertainties are compounded, however, in the private housing sector where underlying demand—not always allowed to become effective—appears to be the only stable element and where profit margins seem to fluctuate as rapidly as the mortgage rate.

To win unqualified approval against such a traditionally unstable background would at the best of times be hard but Barratt has in the past also had

to contend with more specific criticism surrounding its activities.

Much of this has centred on its land acquisition policy and its apparent readiness to pay top prices in order to maintain its vital land bank, which now consists of 35,000 plots and equates to three years' output. The land involved has a current book value of £60m and is, according to Barratt, "worth more."

The group has built up a sizeable if not disproportionate borrowing (£40m against shareholders funds of £70m) in order to finance its land holdings and has been regularly accused of over-bidding at land auctions. Barratt, so the theory goes, steps in and buys where others fear to tread, though perhaps fair comment cannot always be expected from a losing bidder. In addition, with interest rates at record levels, Barratt faces high costs in replenishing land reserves which are quickly being depleted.

In the past, say some of the critics, land prices have rarely stagnated for very long and substantial increases in market values have always arisen to save the group from any embarrassment and to enable it to take in what amount to profits on new building. It has been claimed, however, that any prolonged recession in which land prices suffered could inflict a nasty blow to the group's profitability.

## Autonomous

Barratt prefers to dismiss such dire predictions and to concentrate instead on the next phase of an expansionist programme which has progressed at a rate that has itself raised questions about the group's underlying strength.

Barratt's Developments has come a long way since it started life as Greensit and Barratt in 1958, five years after Barratt had built his own, four-bedroom house outside Newcastle and decided to take his chance building homes for others.

The group went public in 1968 with a market capitalisation of £3m and up until 1972 remained a small-scale operation, largely confined to the north-east. In the past eight years, however, Barratt has spread throughout the UK, expanding via a blend of internal growth and outside acquisitions. The group now has an annual turnover heading for £200m, a sales target for the current year of 11,500 homes

against 10,000 last year, and a nationwide spread of 30 subsidiary companies.

In the financial year which ended last June, Barratt surprised most forecasters by announcing a rise in pre-tax profits from £11.2m to £20.7m. This year, when output in the private housing sector as a whole looks set to fall by as much as 15 per cent, Barratt's house-building programme is planned to expand by roughly the same amount.

Asked about suggestions that profits in the year ending this June might reach £25m, he grins and confines himself to predicting only that he will be very disappointed if they are not up on the previous 12 months.

Having secured 20 per cent shares of several regional housing markets, the group now has its eyes firmly fixed on a similar proportion of the total UK market for new private homes.

Barratt claims to have upped his group's market share every year, overtaking market leaders like Wimpey along the way, and leaving contenders like Tarmac way behind.

In the last 18 months, the group has started half a dozen new subsidiaries to help maintain growth; nearly 20 companies have in recent years joined the Barratt fold, often bringing valuable land banks with them.

The most recent acquisitions include names like Scottish Homes Investment and Ash Homes and more are most certainly on the way as Barratt pushes ahead in its attempt to record annual sales of up to 20,000 homes within the next

four or five years.

The group's success, according to Barratt, has been based on the small, autonomous management units and very aggressive marketing.

Group headquarters houses no more than 20 people; there are no regional or divisional offices and day to day business is left to the network of localised management operations. "We have local people for local patches and each subsidiary has freedom to buy land, take on staff, negotiate with local authorities or develop new housing designs. Very short lines of communication have proved a fundamental part of our success, though any local operation is always able to draw on the overall experience of the group."

Experience and steady nerves may well prove valuable assets during 1980, in a climate of high interest rates accompanied by predictions of a further fall in housing output, and another big squeeze on profit margins. Barratt believes that 1980 will see substantial numbers of housing-building companies ripe for takeover, though he says his group would not touch "ninety-nine out of a hundred" of them.

Claiming never to have been despondent in a slump or over-optimistic in a boom, Barratt discusses short- to medium-term prospects for the company with a confidence which few house-builders dare display and he seems unconcerned about predictions that profit margins will again become wafer thin.

There will be no trimming back of output in the months

ahead, he says. "It is true that costs are rising by about 18 per cent but just as long as wages are rising by 15-20 per cent then there is no real problem as far as demand is concerned."

"In any case, it is not price alone that sells a house but the product involved and the service which purchasers can expect to receive."

"There is a lot of talk at the moment about record home loan rates but in reality mortgage money is not expensive and most people clearly know it, judging by demand. The choice is between artificially low interest rates and continuing mortgage shortages or realistic home loan costs and an improved supply of finance. The latter option must be the only sensible one."

Barratt has developed a comprehensive package of customer services designed to help many people over the home ownership hurdle and to enable existing owner occupiers to move up. Among the schemes currently available to help sell Barratt's homes—priced from £11,000 in the north to £120,000 in London—is a mortgage subsidy scheme to protect buyers from the last huge leap in mortgage rates. Under the plan, by no means a Barratt exclusive, any purchaser will, for the first year, have the difference in payments under the old 11½ per cent mortgage rate and whatever new rate prevails made up by the builder.

At present, between 75 per cent and 80 per cent of group profits come from house building, with the remainder derived from general contracting and property operations. Ultimately, Barratt wants to see a 50-50 balance between housing and other activities and the capital value of the group's investment properties has in ten years grown from under £400,000 to over £20m and it is expected to top £40m in 18 months' time. Rental income is planned to reach over £3m by 1981.

Barratt's move into non-residential property is designed to boost income and capital growth but it is also clearly intended to widen what must privately be regarded as a narrow operating base. The group does not, however, show any signs of diversifying outside property.

Its latest venture involves a leisure centre, the Scottish ski-resort of Aviemore. This is probably the furthest departure Barratt is likely to make from its mainstream business. The group has acquired a 150 acre site and is developing a chalet, shops and hotel complex, some of which will be sold off, while other properties will be retained as investments.

Despite the carefully paced diversification programme now being pursued, Barratt intends to retain its lead in the private housebuilding league. According to Barratt: "The potential for private housing is enormous. Both major parties are committed to higher owner occupation and private housing output could soon show a big increase over the recent dismal performance. People want to buy their own homes and Barratt intends to be doing the selling."

Move in Perhaps more important, Barratt undertakes to provide every purchaser with a mortgage provided normal building society criteria are met. In addition, the group will often be prepared to buy the existing home of a potential Barratt house buyer in order to speed up the sale process, while every new owner receives a £500 credit to be put towards the subsequent purchase of another Barratt home. The group also offers a "move in" scheme, under which the house buyer can take possession of a house for a deposit of as little as £250 and then live rent free while the balance of the required deposit is saved up. Barratt can claim to have helped inject into the private housing industry a marketing approach more often associated with consumer goods than with bricks and mortar. It hardly seems surprising, therefore, that the group is now actively researching the U.S. as a poten-

Condensed Statement of Condition  
The Fuji Bank, Ltd.

## Condensed Balance Sheet

	(September 30, 1979)	(£ in 1,000)	(\$ in 1,000)
<b>ASSETS</b>			
Cash and Due from Banks	1,380,383,391	(6,181,744)	
Call Loans	390,913,068	(1,750,618)	
Securities	1,927,769,830	(8,633,094)	
Loans and Bills Discounted	7,815,570,580	(35,000,316)	
Foreign Exchanges	1,135,761,450	(5,086,258)	
Domestic Exchange Settlement a/c, Dr.	192,015,385	(859,899)	
Bank Premises and Real Estate	149,917,376	(671,372)	
Other Assets	89,728,288	(401,828)	
Customer's Liabilities for Acceptances and Guarantees	1,209,176,629	(5,415,032)	
<b>TOTAL</b>	<b>14,291,235,997</b>	<b>(64,000,161)</b>	
<b>LIABILITIES</b>			
Deposits	10,387,203,120	(46,516,807)	
Call Money	571,043,682	(2,557,294)	
Borrowed Money	1,011,705,711	(4,530,702)	
Foreign Exchanges	133,428,589	(597,531)	
Domestic Exchange Settlement a/c, Cr.	168,739,379	(755,662)	
Accrued Expenses	169,340,844	(758,356)	
Unearned Income	51,341,271	(229,920)	
Other Liabilities	42,599,370	(190,771)	
Reserve for Possible Loan Losses	112,894,849	(505,575)	
Reserve for Retirement Allowances	45,647,604	(204,423)	
Other Reserves	25,798,572	(115,533)	
Acceptances and Guarantees	1,209,176,629	(5,415,032)	
Capital (Paid-up)	89,100,000	(399,015)	
Legal Reserves	23,354,917	(104,590)	
Other Surplus	249,861,560	(1,118,950)	
<b>TOTAL</b>	<b>14,291,235,997</b>	<b>(64,000,161)</b>	

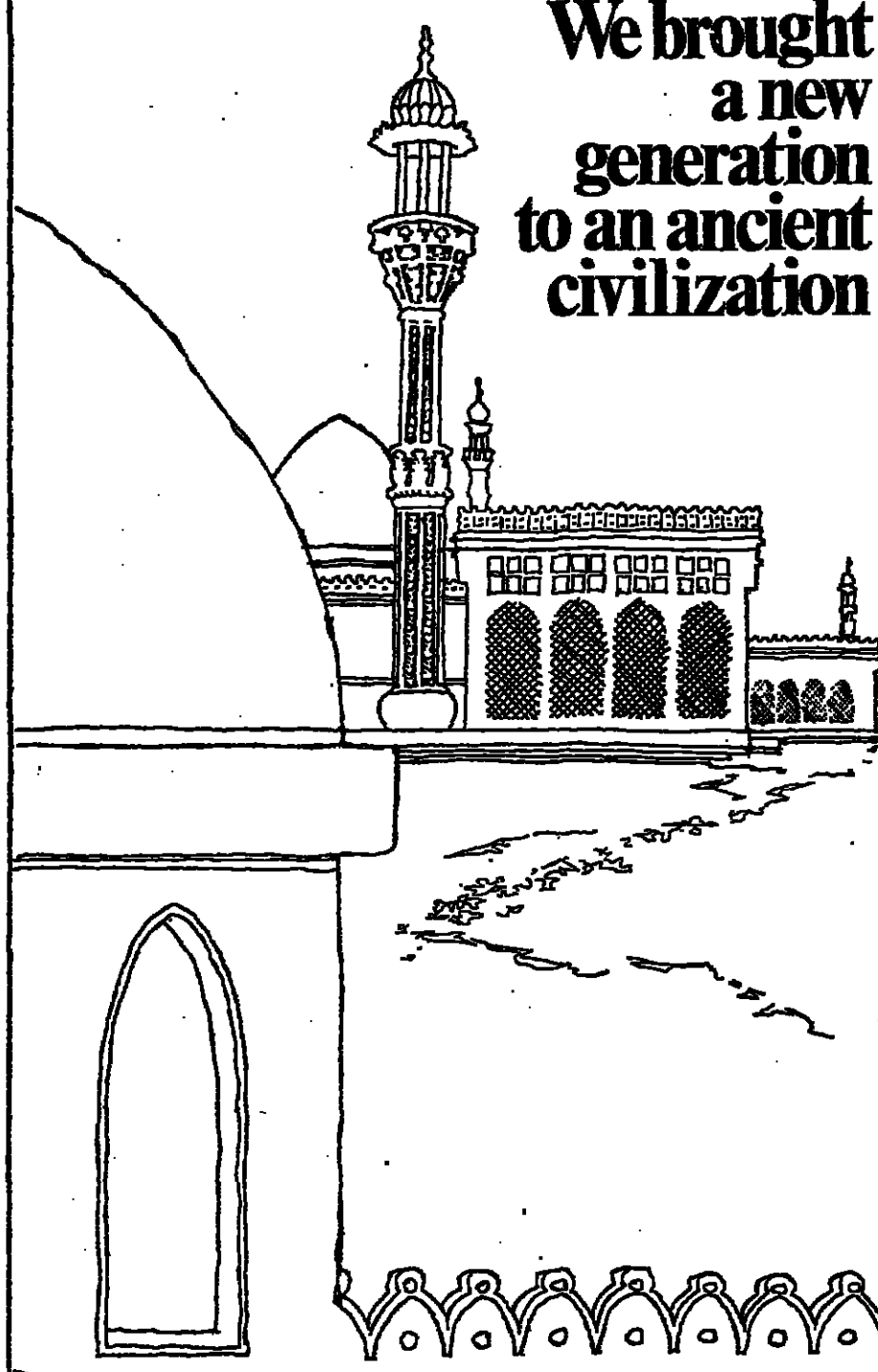
## Profit and Loss Account

	(April 1, 1979—September 30, 1979)	(£ in 1,000)	(\$ in 1,000)
<b>INCOME</b>			
Interest on Loans & Discounts	250,018,365	(1,119,652)	
Interest & Dividends on Securities	67,220,996	(301,034)	
Fees & Commissions	17,567,158	(78,671)	
Other Income	85,930,347	(384,820)	
Transfer from Reserves	4,530,703	(20,245)	
<b>GROSS INCOME</b>	<b>425,257,569</b>	<b>(1,904,422)</b>	
<b>EXPENSES</b>			
Interest on Deposits	211,652,037	(947,837)	
Interest on Borrowings & Rediscounts	52,313,871	(234,276)	
General & Administrative Expenses	81,427,661	(364,656)	
Other Expenses	59,661,499	(267,181)	
Transfer to Reserves	242,531	(1,086)	
<b>GROSS EXPENSES</b>	<b>405,297,599</b>	<b>(1,815,036)</b>	
Profit for the Term before Tax	19,959,970	(89,386)	
Provision for Taxes on Income	6,775,407	(30,342)	
Profit for the Term after Tax	13,184,563	(59,044)	
Balances Brought Forward from Previous Term	6,776,997	(30,349)	
Undivided Profit at the End of the Term	19,961,560	(89,393)	

Note: U.S. Dollar equivalents are made at the rate of ¥233.30 per U.S.\$1.

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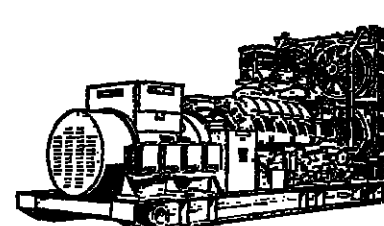
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## FINANCIAL TIMES

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Monday January 28 1980

## A replacement for Polaris

FEW PEOPLE can have been surprised by the Government's announcement last week that it intends to maintain the UK's role as a strategic nuclear power well into the next century. There has never been much doubt that a Tory Government would decide to replace the country's present ageing Polaris submarine force with a new weapons system. The questions have been: what sort of new system and what will be the arrangement finally reached with the Americans? The Government having dismissed the possibility of collaboration with the French, it will have to rely heavily on U.S. technology.

## Washington

Mr. Francis Pym, the Defence Secretary, did not reveal the precise nature of the new weapons in his statement to Parliament on Thursday. Mrs. Thatcher discussed the issue during her visit to Washington before Christmas, and lower level contacts with the Americans have been going on for some time. It is widely assumed that the Government will decide on the new Trident submarine-launched missile system—that would square with Mr. Pym's estimated cost of \$4bn to \$5bn—but the final decision has not yet officially been taken. What is clear, in the meantime, as Mr. Pym affirmed, is that the Government is determined to keep the Polaris force viable until a replacement is available some time in the 1990s.

Even if a deal with Washington has not yet been finalised, there are good reasons for Mr. Pym to start bringing the issue out into the open at this stage. Such a potentially controversial issue would in any case have been faced early in the Government's life. Now, with public anger mounting over Soviet behaviour in Afghanistan, a strengthening of Britain's defences should be easier to justify to domestic opinion. Equally, if only symbolically, it can be portrayed as proof of the Government's determination to back the U.S. in its call for a firm Western response to the crisis.

Of course, there will be those who argue that the money could be better spent—either on other defence items, on health or education, or, indeed, not at all. On the face of it, \$5bn looks like a lot of money, particularly when the Government is trying to axe public spending. There

will be others who argue, on military grounds, that Britain is wrong to try to imitate the superpowers with a strategic submarine-launched system, that it is unthinkable that any UK Government would ever actually use such a weapon and that the U.S. nuclear umbrella provides adequate protection for the foreseeable future.

## Not exorbitant

The cost, however, when spread over 10 to 15 years, is not exorbitant. Mr. Pym has pointed out that it is unlikely to absorb more than 5 per cent of the defence budget, much less than the proportion assigned to the V-bomber build-up in the 1950s. On the strategic front, there are arguments on both sides. Obviously, if the new weapons were ever used then their purpose would have been defeated. The aim of a deterrent is to deter—in Britain's case by inserting just one small element of added uncertainty into the calculations of an adversary. As for the U.S. nuclear umbrella, we are not talking about the foreseeable future, but a time frame stretching well beyond the year 2000, by when the world may have changed unrecognisably.

It would, of course, be suicide for the UK to launch a strategic strike against the Soviet Union. But the whole point of NATO's doctrine of flexible response is to contain a future conflict at a lower level. Strategic submarine-launched weapons are the last link in the chain, and their possession by the UK could make Moscow think twice about a nuclear assault on Britain at an early stage in the conflict. That may not be much comfort to the country's European Allies, but there is wide backing both in Washington and other allied capitals for the continuation of Britain's strategic role.

## Unpredictable

If Britain were seeking to become a strategic power for the first time, the calculations could well be different. But the current issue is whether or not at reasonable cost to maintain an existing capacity which gives the UK one more defence option in an unpredictable world and could also help to reduce the chances of a nuclear attack. The goal of further arms control negotiations should not be lost to sight. But unilateral disarmament is neither wise nor realistic.

## A high price for Turkey

HISTORY is repeating itself. Turkey's generals may complain at references to their country as the sick man of Europe, but Tser Nicholas's description seems sadly topical today, as do memories of the problems associated with the Ottoman Debt.

Many Turks will object to the mentioning of such points immediately after their government has announced the country's most radical economic measures in many years. They would be right to object if history did not also involve a lesson—and this time for the West. For a century ago Western economic policies largely contributed to the Ottoman's economic and financial collapse. Today the West must make sure that it does nothing to perpetuate Turkey's present crisis.

The measures announced last week are sweeping. Those of immediate effect include a 33 per cent devaluation of the Turkish lira, the further tightening of credit policy, and steps drastically to reduce the public sector borrowing requirement. Such classical austerity measures are backed up by policies aimed at achieving a major shift in Turkey's approach to development. The days of autarchy and industrialisation inside a greenhouse of protectionism are to end. The country is to be largely opened to foreign investment, oil companies and banks.

For foreigners modern Turkey has never been an easy place to invest or work. Memories of the Capitulations imposed on the Ottomans still rankle and mean that it will be a hard task to change attitudes. The problems of introducing further austerity are yet more striking, particularly when the average purchasing power of workers has fallen by up to one-third. Raising fuel oil prices and doubling those of coal is a harsh step in a country short of fuels and where the weather has been akin to that of Siberia.

Turkish cartoons have depicted the guillotine of the IMF as having claimed the head of Mr. Ecevit, the former Prime Minister, and as being about to claim that of his successor, Mr. Demirel. The banks and the IMF gave no

alternative to taking last week's measures is not to belittle the political courage that Mr. Demirel and his minority government have shown. He may have been encouraged by the success of a similar package which he introduced in August 1979. But that earlier package was taken in a far more favourable international economic climate than his latest venture.

Turkish Governments have long been slow to respond to the crisis and inefficient at drawing down on the facilities made available to them. On the other hand their efforts have been largely frustrated by the rise in oil prices. Export earnings, though growing, are merely keeping pace with the oil import bill.

Such problems are compounded by political violence taking over 200 lives each month, by sectarian clashes, and by fears over the aspirations of Turkey's 8m Kurds. Mr. Demirel greeted the New Year by stressing how Turkey wanted their country to be one of the world's 15 industrial giants by the year 2000. There is a similar grandiose nature about the import programme he has announced for this year. But quibbles over these points should not demean the political sacrifice he made last week to fit in with Western prescriptions. Having done this he has the right to expect assistance in return whether on relatively small matters like the British Export Credit Guarantee Department resuming cover, or larger ones like more considerate treatment from the IMF when it comes to negotiating a fresh agreement.

Last year after developments in Iran members of the OECD put up a credit of \$900m. Today, after Afghanistan, West Germany is taking the lead in co-ordinating a new "immediate aid package." Figures mentioned for this range up to those of last year. Even such sums will not get Turkey out of the wood. The West has expressed concern over the strategic value of Turkey. Living up to this concern may be expensive and may involve responding to a demand by Turkey to join the Common Market. But it could be more costly to let Turkey linger as it is now.

## Exciting prospects for bio-technology

By DAVID FISHLOCK, Science Editor

## SOME OF THE SKILLS BIO-TECHNOLOGY MUST BRING TOGETHER

ENGINEERING DISCIPLINES	SCIENCES	SOCIAL SCIENCES
Chemical engineering	Genetics	Economics
Mechanical engineering	Botany	Politics
Control engineering	Zoology	Moral philosophy
Electronic engineering	Chemistry	
Sterile engineering	Physics	
	Maths and statistics	
	Toxicology	
	Pharmacology	
	Colloid sciences	

ties is widely scattered—at London, Cambridge, Runcorn, Edinburgh and elsewhere. Only by carefully grouping the laboratories and pioneering commercial plants may Britain be able to ensure the degree of collaboration and interaction necessary to win success, Dr. Davies believes.

Another government scientific adviser—and a biologist to boot—gave the Institute of Biology some important pointers this month. Dr. John Ashworth, chief scientist of the "Think-Tank" in Whitehall, lamented the fact that in spite of the contribution of British scientists to the foundations of this technology, a science-based companies had emerged comparable to Biogen in Europe, or to Cetus, Genentech and Genex in the U.S. These are all groups of scientists working at the frontiers of bio-technology who have managed to attract "racing money" from U.S. industry—especially from mining companies—amounting to many millions of dollars. None has a product to market yet.

Dr. Ashworth reminded the biologists that the Porton pot, developed by the Government's Microbiological Research Establishment at Porton in the 1960s, as a new way of cultivating microbes under tightly controlled conditions, became the brain leader among such chemists, as the apparatus is called. But it failed to arouse any industrial interest. American and Japanese industry led the way in the 1970s with new technology for fermentation. ICI, which has developed its Protein process for manufacturing protein by feeding microbes on methanol made from natural gas from a laboratory discovery to a 60,000 tonnes-a-year plant, had to order the big fermenters from France for lack of interest from the British process plant industry.

It is worth reminding ourselves that bio-technology already exists in a familiar form as the agricultural industry, with its techniques for plant and animal breeding developed, as Dr. Ashworth points out, by neolithic technologists. But this industry has probably reached the end of the road for any expectations of dramatic advance, not least because it has become so energy intensive in

terms of fertilisers and chemical agents—control.

The advanced forms of bio-technology are micro-miniaturised forms of agricultural breeding which, like their electronic counterparts, are much less demanding in energy and other resources, except for human skills.

There are three main divisions of great interest at present. First there are the new possibilities opening in fermentation technology, where the technology has learned to conduct fermentations—which amount to micro-breeding—continuously, where before they were hampered by the time-honoured batchmaking methods for instance, of brewers. The Japanese, working from a traditional industrial base for fermentation products such as soy sauce and saké, have exploited brilliantly the new technology to make new drugs and fine chemicals.

Britain, however, has two major examples of fermentation technology. ICI's single-cell protein for animal feeds has reached the stage of a commercial-scale demonstration and survived rigorous scrutiny for possible health hazards. ICI is on the point of producing protein from its new plant. Tate and Lyle is engaged at Reading on pilot-plant trials of a continuous method for fermenting alcohol which, by its speed and by yielding much higher alcohol concentrations, could make alcohol competitive with petrol as a transport fuel. Both processes depend critically on new micro-organisms, isolated by company scientists and cosseted to an unprecedented degree under factory conditions.

The second area of bio-technological excitement today is enzymes, or "living catalysts"—agents which, like the more conventional catalysts crucial to modern chemical and petrochemical industries, can drive reactions much faster and further than they would normally. In the 1960s scientists foresaw that if these "living catalysts" could be used to build into an engineering structure and made part of a chemical plant, their immense power for driving reactions might be harnessed, without all

the problems of recovering them later from the new product.

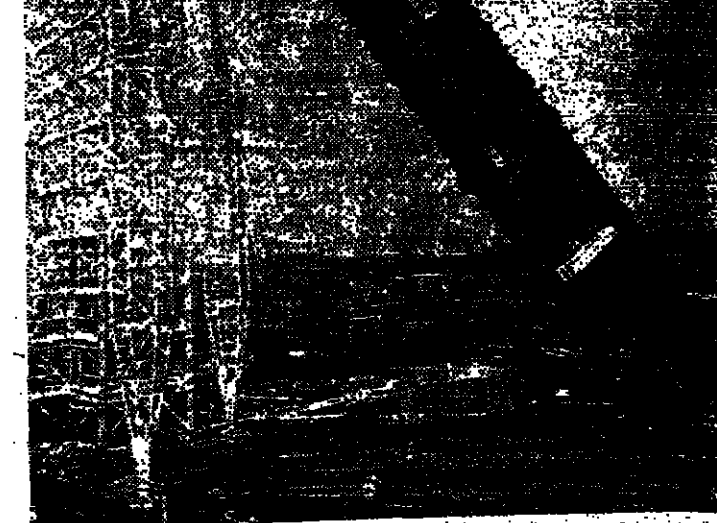
In spite of the foresight of the Science Research Council, which launched a significant effort in enzyme chemistry in the mid-1960s, the industrial benefits of immobilised enzymes never blossomed in Britain. One industrial product, a sweetener called glucose isomerase, developed by ICI, fell victim to the European beet sugar lobby, which obliged the EEC to tax it out of the market. Again it was the Japanese fermentation industry which exploited immobilised enzymes, bound chemically to a porous solid (such as porous glass) or trapped in a gel. According to the journal *Nature*, no fewer than five Japanese companies today are in production with techniques involving immobilised enzymes, making such products as antibiotics and food additives—including the sweetener Britain abandoned.

To quote *Nature*: "Between 1967 and 1971, when immobilised enzymes were emerging as the first wave of the new bio-business, 30 per cent of world bio-technological patents originated in one country: the UK. But of the patents delivered since 1977, 124 originated in Japan, 39 in the U.S., nine in the USSR, eight in West Germany, seven in France, one in Denmark and just one in the UK."

The third area of excitement in bio-technology is one which promises to rejuvenate both microbial and enzyme technologies and to spawn still more dramatic industrial innovations. This is popularly known as genetic engineering—the manipulation of the genetic material of micro-organisms. In this way one may be able to persuade a microbe to do something, or to do something faster, or stop it from acting in a way that might be harmful.

The techniques, first demonstrated in the early 1970s, use enzymes as micro-miniature surgical tools for "transplant surgery" on DNA, to slice up and sew together again the genetic material. These techniques, known to scientists as recombinant DNA research, are beginning to yield new micro-organisms. These microbes, when harnessed to the advanced fermenter technology of the 1970s in which the newly created organisms would breed, are the foundation of present hopes for bio-technology as an emerging high-added-value industry.

The possibilities were at first greatly confused. Leading scientists in California pioneering the research, called for a moratorium while the public dangers were examined. The call was sufficiently authoritative to persuade several governments—including those of Britain and the U.S.—to examine the fears carefully. As it turns out, the fears underlying their call proved not to be valid. But it has produced, for Britain, a scientifically founded regulating system which could prove of inestimable



The 600-tonne fermenter—claimed to be the world's biggest—designed by ICI for its 540m protein manufacturing project at Billingham.

able assistance in ensuring the steady transition of genetic engineering from laboratory benches through development and into industrial processes. (There are fears that the U.S., where all the fuss began, may now simply abandon all efforts to regulate research in genetic engineering.)

The Government watchdog in Britain is called the Genetic Manipulation Advisory Group (GMAG). Its chairman is Sir William Henderson, former secretary of the Agricultural Research Council, where he introduced a major research effort into the application of the new techniques to plant breeding. Its records show that over 500 research workers in Britain are already engaged in genetic engineering, mostly in university, medical or agricultural research centres. But they include two industrial teams: those with ICI's corporate laboratory at Runcorn; and with the research centre at High Wycombe of the U.S. drug company G. D. Searle, which recently disclosed important progress made towards a new source of influenza vaccine.

To give perspective to the scale of operations in Britain at present, GMAG has just released draft guidelines on the safety precautions that it believes are needed by these researchers in scaling up their experiments—40 to 10 litres or so. Sir William says his group has already discussed one such application for its approval, but he will not disclose which laboratory.

But Sir William believes that the field is developing fast enough for GMAG to be thinking seriously about the problems of approving commercial operations involving thousands of litres. He now wants to recruit a group member, versed in chemical engineering "who knows what a large fermenter looks like," so that his group can more expertly judge how safely industrial plant might be expected to contain dangerous mutant strains of microbe.

This spring the Government expects to have the ACARD report on bio-technology in

Britain from Dr. Spinks's working party. This report is likely to portray the emerging opportunities of bio-technology as still at the "technology push" end of the development spectrum, and hence in urgent need of "public investment to bring it to the point where 'market pull' will drag it into the commercial arena as a new industry."

One way of providing "technology push" would be for the five research councils to mount a joint research and development effort, bringing biologists and engineers together, perhaps under the kind of directorate the Science Research Council has already set up in two other areas of great industrial potential, marine technology and polymer technology. But such an effort, by the hard-pressed research councils, would need "lancinating aid" from the public purse.

Another way, ACARD might say, is that the Government must set out to promote and assist bio-technology as a national project, perhaps the responsibility of the National Research Development Corporation. This agency of the Department of Industry was originally set up in response to Britain's failure to capitalise on the discovery and development of Oxford of penicillin, a product of bio-technology. Its handicap is that it does not seem to have the full confidence of the chemical and pharmaceutical industries, which are the most likely to exploit bio-technology.

A third, and far more ambitious course for ACARD would be to propose new ways in which the Government might stimulate British investment in an embryonic industry. The oil, gas, petrochemical and drug industries all have both the profits and the patience to make long-term investments in technology of direct relevance to their future products. The banks say they have "racing money" searching for new ideas to invest in. The right kind of stimulus might encourage the scientists themselves and other private investors to plunge, as they are doing in the U.S.

## MEN AND MATTERS

## Taking the stress out of security

Security firms, for one reason or another, have a distinctly dubious reputation in Britain. Even within the industry there is a high level of support for some kind of official control, if not necessarily of the type envisaged by certain MPs.

Until this exists and the industry is able, for instance, to consult police records about the honesty of potential employees, security companies will always live with the nightmare of occasionally hiring a criminal. Backdoor access to police records is widely practised, but is itself of questionable legality.

Ex-paratrooper Peter Heims, 40, one of the country's most successful private investigators, claims to have discovered this loophole way round this problem. When he set up a security firm in Leatherhead four months ago he adopted the technique of subjecting all 40 of his employees, including the managing director, to a lie detector test. "We had a bit of trouble with the Transport and General Workers' Union," he tells me. "But in my advertisements I do say that everyone must be prepared to take the test. I've found that people prefer to work for us solely because of it. It's almost like giving them a certificate of being 'clean,' which doesn't exist at the moment."

The machine cost £3,000 three years ago when Heims bought it as a service to (mainly American) clients. It proved particularly useful in clearing up theft cases dealt with internally by companies; when he set up his security company it struck him that he could use it too. The lie detector is, he feels, "more positive" than either graphology or astrology.



"We decided to put the games where they were really needed."

turned out to be a freelance journalist anxious to secure a story about the unreliability of the technique. Another genuine recruit—showed stress when asked if his name was Robert, as it was. It turned out that he was usually known as Robin.

Had Heims himself gone through the screening process? "I felt I had to, and yes, I came out clean as a whistle. If I told you I'd failed I'd be right in the car wouldn't I?"

Regan's postbag

Some unusual tactics are being deployed in the continuing saga of C. Bowring's attempts to heat off the £237m bid from Marsh and McLennan, the world's biggest insurance broker.

remains to be seen. Initial reactions among more worldly employees of my acquaintance is that it may be straining loyalty a little in some instances.

Bowring's itself claims to know nothing of any appeal from the top of the hearts and minds of the grassroots. But "people down the line," concedes spokesman Stuart Chant-Sempill, may have felt moved to suggest that their staffs do all they can to help in the hour of need.

## Books to baseball

New York has lost a lot of businesses since its 1975 fiscal crisis, so New Yorkers were relieved to learn at the weekend that the New York Mets will not be joining the exodus.

Not to be confused with the Metropolitan Opera, the Mets were once the baseball team in the city. Their star has lately been on the decline, but the possibility of the Mets—who had been put on the market—being snapped up by outsiders even provoked suggestions among New York councillors that the bankrupt city should stretch its overdraft to keep them. It did not come to that. The Mets are to pass into the custody of another well-established New York institution, the Doubleday publishing company, which has paid a record fee of \$21m for the team.

Doubleday is convinced it can turn around both the team's financial and sporting fortunes. Even if that proves problematic, the company can probably rely on a capital appreciation of its new asset outstripped in the last eight years only by gold. Warner Communications, which in 1973 paid just \$25,000 for the franchise of the New York Cosmos soccer team, reckons its property is now worth at least \$10m.

Apart from such inviting investment prospects, a sporting flagship has excellent publicity value. Doubleday, further, more sentimental, is record, too. Legend, if not the record books, has it that base-

ball was invented by none other than Major General Abner Doubleday, a minor Civil War hero, in the early 19th century. The present head of the publishing house is his great grand-nephew.

## Marine manners

Late entries are still trickling in—about a year late—for that disastrous competition of mine aimed at winking out humorous anecdotes about accountants. Probably the best story so far is true—that a Bradford accountant is compiling a book about accountancy humour.

One of the new arrivals on my desk which he may find useful concerns an priest, an engineer, and an accountant adrift on a raft after a shipwreck. They were quite near an island, but being carried past by the current. "We must pray," said the priest. Impatient for action, the engineer instead jumped overboard and began pushing the raft in front of him. He was quickly savaged by sharks, and was rescued only with difficulty by his companions.

Undeterred, the accountant dived in, attached a rope to the raft, and pulled it to safety. The sharks obligingly cleared a path for him. "So what put the sharks in such a good mood?" asked the slightly-mangled engineer with some invitation. "That," replied the accountant, "was professional courtesy."

## Chum abroad

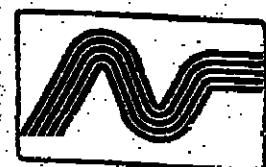
A firm in Hong Kong has just been favoured with a circular from a felicitous-sounding organisation in Hong Kong called Rich Friend Company. "Receiving a letter from this source during January convinces us that 1980 is going to be a good year," says one of the directors. The address, however—Pottinger Street—sounds vaguely ominous.

Observer

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## FINANCIAL TIMES SURVEY

Monday January 28 1980

## OMAN

The Soviet invasion of Afghanistan has given enormous importance to Oman, which lies at the entrance to the Gulf. The strongly pro-Western Sultanate gives top priority to defence and security, but needs to start diversifying the economy away from oil.

## New importance to the West

By James Buxton

THE SULTANATE OF OMAN has become something of a front-line state in the past few months. The Soviet invasion of Afghanistan and the fiercely anti-Western attitude of the Government in Iran have forced the Western countries to look hard for reliable friends around the Gulf, upon which they are alarmingly dependent for their oil supplies.

Oman seems well placed to be of assistance to the Western countries. An outlying part of its territory forms the southern side of the crucial Strait of Hormuz, at the entrance to the Gulf, the rest of it, with its 1,700 km Indian coastline, is safely outside those shallow, constricting waters.

While other states in the Arabian peninsula — notably Saudi Arabia — shy away, at least in public, from the idea of co-operating militarily with the West in times of crisis, Oman has recently made clear that it would allow U.S. forces to use its military facilities in an emergency — though it does not want foreign troops stationed permanently on its soil.

For Oman the attention it is suddenly receiving from the West, including a visit by Lord Carrington, the British Foreign Secretary, earlier this month, is a vindication of several years of warnings about Soviet encroachment in west Asia and the Horn of Africa.

There is much to be said for increased Western co-operation with Oman. To someone in the industrialised world it seems orderly and efficient, with well-run, British-led security forces and expatriate-run police. It has come through the past turbulent year in the Arabian peninsula after suffering fewer tremors than any other State, except Qatar, and despite the

overthrow of the Shah of Iran, facilities under Sultan Qaboos on whom it depended for military protection and as a counterweight to the Arab world.

It has the benefit of oil revenue which is roughly sufficient for its needs, but is not so large as to lead to the colossal waste and mis-allocation of resources of some of its neighbours. Omanis are bright, usually keen learners and endearingly frank in their opinions.

In the past nine-and-a-half years, Sultan Qaboos bin Said, now 39, has dramatically completed the process of bringing Oman into the 20th century, perhaps against his will, under his father Sultan Said bin Taimur. The writ of the Al Bu Said dynasty, which has ruled the country since 1744, ran for most of this century only in the area around Muscat, the capital, and the Batinah plan to the west.

## Social changes

The villages of the mountainous interior were effectively in the control of competing tribes owing a greater or lesser degree of allegiance to an imam or spiritual leader. It was Sultan Said who, with the help of the British and the beginnings of a modern army, suppressed and destroyed the Imamate in the late 1950s.

But Said was frightened by the social changes that education and economic development might bring, and Omanis were mired in disease and ignorance until 1970 when, three years after government penury ended with the start of oil exports, Sultan Said was overthrown by his son Sultan Qaboos, hitherto kept in seclusion in the southern province of Dhofar.

The fast development of roads, education and health

facilities under Sultan Qaboos has transformed the country, and among other things decisively extended the Government's control over the hinterland, reducing the importance of the paramount sheikhs and achieving a degree of control and unity in a fundamentally tribal country which is the envy of Arab states, such as North Yemen, where this has not been achieved.

Another success was the ultimately successful prosecution of the war in Dhofar, against the Communist-backed Popular Front for the Liberation of Oman guerrillas by 1978, with the help of Britain, Iran, Jordan and other states; in the process developing the armed forces into probably the most efficient in Arabia.

Sultan Qaboos's accession was followed by the return of thousands of the more qualified Omanis from exile and work abroad, and exiles from Zanzibar, forbidden entry by Sultan Said, were allowed in. Oman has enjoyed something of a renaissance in the past decade after a century of stagnation.

Why then should this apparently admirable country be a source of concern both in the West and among sympathetic Arab states?

Partly, it is because the fall of the Shah has made Western analysts more sceptical in assessing the political stability of developing countries, particularly those which seem superficially pleasing to the Western eye.

Though Oman has a far smaller population (probably not more than 550,000) and a ruler who takes Islamic sensibilities seriously, the sultanate also has some of the elements of modernisation and some of the trappings of majesty that

were in part the undoing of the Shah.

The other reason is that the British Government, source of much of the concern, is heavily involved in Oman through the presence of about 140 seconded officers and NCOs running the armed forces; and through the presence of British officers and Government officials who are there on private contract, over whom Britain has no control. So Britain fears being exposed to embarrassment or worse if anything goes wrong in Oman, yet it has little power to influence events on the ground.

The first area of concern is economic. Development fuelled by oil revenue has completely transformed life for Omanis in the past ten years. Recently, more oil has been found in the south which, together with the doubling of the oil price in 1979, means that Oman is assured of a substantial income for several years to come (previously it seemed likely that oil production was set on a constantly declining path from 1976 onwards).

## New projects

While the fast development of the economy up to 1976 benefited people enormously, it also dislocated the old economic structure of the country, the relationship between coast and interior and, in many places, the delicate water distribution system of the mountains, in ways whose full social effects have probably yet to be felt.

Since 1976, a combination of financial prudence and government disorganisation have slowed down the rate at which new projects are commenced, causing stagnation, or recession and leaving many small gaps in the infrastructure still to be filled. Prosperity has tended to

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be concentrated in the capital area around Muscat, the politically sensitive Dhofar province and the Batinah coast, rather than in the interior and the strategic Masandam peninsula. These areas have suffered heavy emigration, either to the capital area or across the border to the much richer United Arab Emirates.

Oman has potential alternatives to oil to develop — agriculture, fishing, copper mining and, perhaps, industry — but relatively little has so far been done to stimulate these successfully or even to get projects going.

All oil states face enormous problems in developing viable alternatives, and there are nagging doubts about future water supplies, as there are elsewhere in the Middle East, but there is a suspicion that Oman does not take these problems seriously enough, in view of relatively short life expectancy in its oilfields. There is a lack of co-ordination in Government between ministries and lack of impetus from above — something which is not lacking in the defence establishment, which



The modern palace of Sultan Qaboos stands beneath the 16th century Mirani fort in the capital, Muscat

still accounts for nearly half actual Government spending.

Resentment at disappointment for economic reasons could, despite the new oil wealth in the pipeline, become a political issue.

Sultan Qaboos is undoubtedly popular and many Omanis enjoy basking in the aura that the officially encouraged cult of his personality has created, and instead direct their resentment against some of his senior ministers and advisers, or against the expatriates.

There is no forum for the expression of popular opinion, whether a formal assembly or a system of informal assemblies, the *majlis*, known elsewhere in the Gulf where almost anyone can come to put his point of view.

Instead the Government relies almost totally on the reporting of the different arms of government — the walls or provincial governors, the police, the army and the intelligence service — to gauge public opinion, and thus places heavy trust on those officials' reliability and efficiency. All lines of communication lead to the Sultan, who is Prime Minister, Minister of Defence and Foreign Minister as well.

Sultan Qaboos, in a conversation with the Financial Times,

argued that the system is sound, and it is clear that he is fully aware of what goes on. *Majlis*, he argues with much justification, are an inefficient and time-wasting way of running a modern state.

Though he is sometimes criticised for seeing too few people and spending too long in Salalah, the capital of Dhofar, he argues that he sees his subjects almost constantly, makes long tours often to very remote places, and does not give Salalah a disproportionate amount of his time.

## Terrorist groups

There seems little doubt that since the fall of the Shah, Sultan Qaboos, who is without an heir, has given greater attention to being accessible to his people. But it is not clear why Oman should not have a consultative assembly representing all the main groups of the country, unless it is argued that Omanis would consider it a sham.

However, those who believe that there is a strong internal threat to the Sultan's rule can rarely point to any group likely at present to succeed in overthrowing it. A greater danger is of creeping subversion by terrorist groups such as the South Yemen-backed Popular

Front for the Liberation of Oman or Palestinians, who could by terrorist activities erode Oman society's self-confidence and expose the weaknesses that oil wealth has brought. Whether this happens depends rather less on Oman's highly protective security forces than on the stability and security of Oman's neighbours.

For all its orderliness, Oman is a slender force to be a major instrument of Western policy. Its support for President Sadat's peace treaty with Israel has partially isolated it from other Arab States. Its population is small and, for the most part, still inexperienced, and much that is impressive about Oman is due to the fact that the Government is prepared to employ expatriates in key positions. Their gradual replacement by Omanis, as more and more become qualified, carries its own dangers, especially in the armed forces.

This means that even with more money the next few years will be difficult for Oman. The Sultanate faces real external dangers and is right to emphasise them, but it would be a pity if they were allowed to overshadow the need for more dynamism in the economy and the creation of a less brittle political structure.

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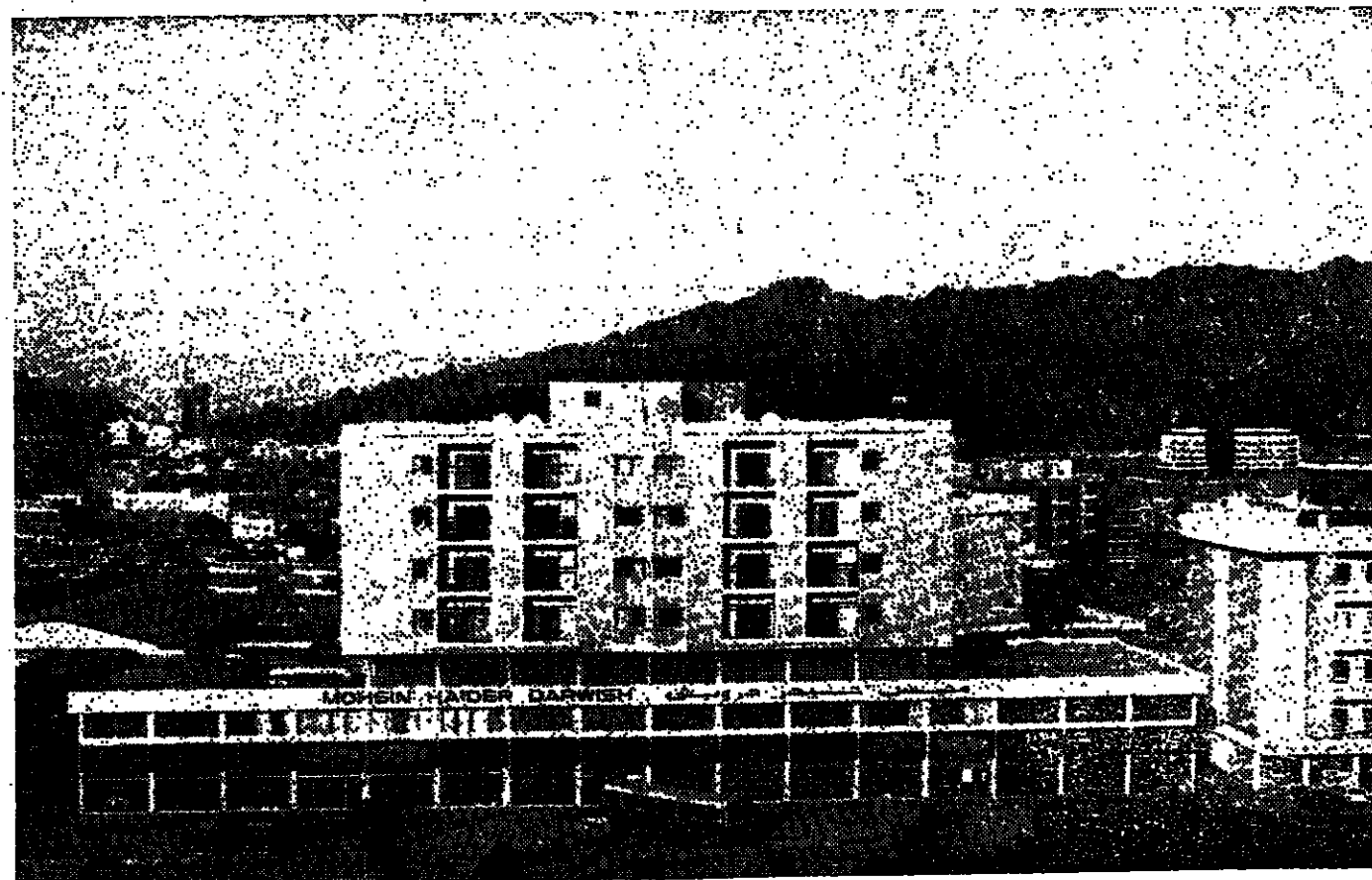
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## OMAN II

## Economy ready to advance

BY THE end of 1979, Oman had doubled its oil price within 12 months. The stage appears to be set for ending a period of economic stagnation and fiscal stringency which has lasted for three years. But for this to happen depends largely on the Government starting up projects which have been held up by bureaucratic delay and, more creditably, financial prudence.

Oman is only a small oil producer—the second smallest in the Arabian peninsula with 297,000 barrels per day output, last year. This has to provide for a population variously estimated at between 600,000 and 550,000, whose contribution to gross domestic product in the form of agriculture, fishing and other economic activities is overshadowed by the oil sector.

Oil alone has not been enough to meet Oman's financial needs, at least until the middle of 1979. In the past few years, grants and soft loans from other Arab countries—not all of which materialised when expected—have played a big part in the Government's budget calculations and helped correct the endemic current account balance of payments deficit.

The spectacular oil price increase of 1973-74 when revenues quadrupled accelerated mightily a surge of development spending which effectively completed the basic opening up and modernising of the country set in train when Sultan Qaboos came to power in 1970. But the 1974 revenue increase led to alarming overspending—in that year the Government spent twice what it had intended—and the Sultanate had to resort to borrowing internationally on commercial terms to meet the official deficit.

The boom, which was accompanied by high inflation rates, had been brought under control by 1976 when the almost inevitable recession began to bite and growth of the money supply slowed drastically. But, by that time the Government had created the institutions, such as a central bank, and procedure for vetting tenders whose earlier absence had allowed the overspending to take place. It also presented a plan for 1976-80 which faced up to the fact that oil production (which reached a peak in December 1975) was declining, and that Oman must diversify its economy.

The economy of an oil state such as Oman depends on the Government pumping money into it, but Government spending fell from RO 574m in 1976 to RO 524m in 1977 and then rose to RO 560m in 1978—still a decline in real terms. Part of the reason was that actual revenues fell in 1978: oil receipts dropped because of lower output (from 365,000 b/d in 1976 to 314,000 b/d in 1978) and because of the implementation of a new revenue/profit formula with Petroleum Development (Oman), the main oil company, to encourage it to develop the southern oilfields which will boost oil production to 360,000 b/d at least until 1984.

This formula brought the Government smaller revenue per barrel. The flow of grants—mainly from Abu Dhabi and Saudi Arabia—was erratic. Funds which the Government optimistically put in the budget as committed did not materialise and, in 1978, receipts from this source were only RO 6.7m, against RO 92.7m in 1977.

Chary attitude  
These two factors were the cause of a fairly chary attitude to spending by the Ministry of Finance. But another reason for the steady decline in the level of development spending from 1976 to 1978, affecting all sectors except oil, was a series of delays in commencing projects. In part, this was due to more rigorous vetting of tenders and closer study of projects' viability which should have reduced costs.

Naturally, the private sector also cut its spending, partly reflecting the lack of official spending and partly its reduced income as a result of housing vacancies and falling rents. In 1978, imports went down in volume—but price rises took the import bill higher—while the expatriate labour force probably declined. Construction was in the doldrums as projects were completed and new ones failed to materialise.

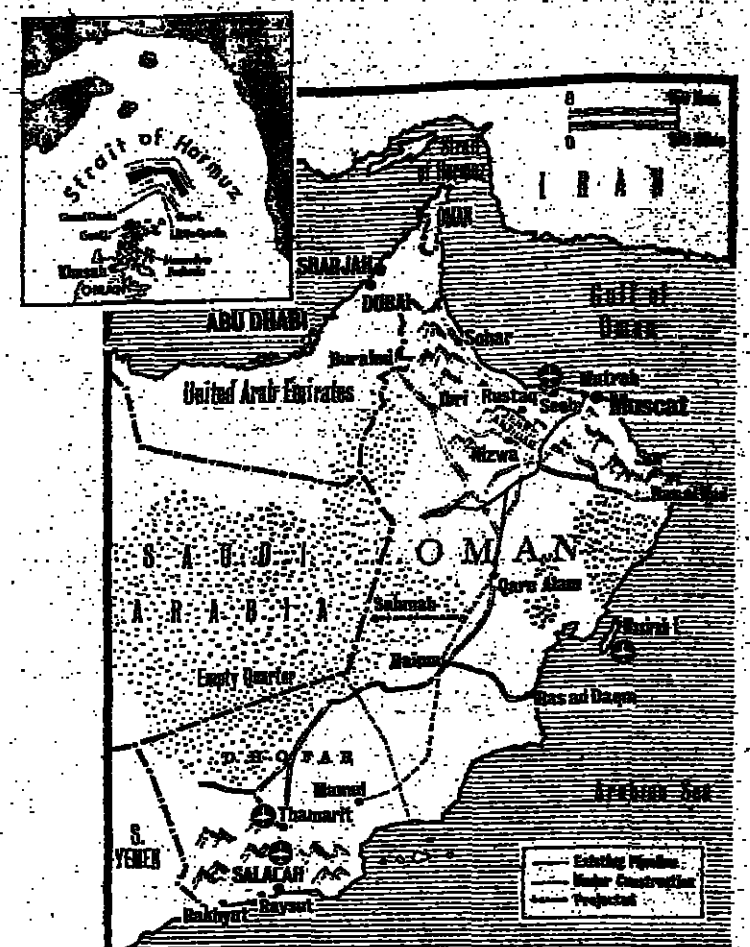
Only the defence sector maintained its reputation as a big and effective spender in 1978. While civil spending outside the oil sector came to only 63 per cent of the amount budgeted—partly because of economies, but mainly because of failures to get projects underway—defence spending met its budgeted target of RO 205m exactly. Thanks to the failure of the civil authorities to meet their budget, defence accounted for some 48 per cent of total spending. Between 1975 and 1978 defence spending has made up between 45 and 50 per cent of the total.

This was the background against which the Government forecast another budget deficit of 2.12bn for 1979 (omitting committed loans and repayment of loans). But as the year went on, the price of Oman's oil was raised seven times. The Government also cut credit on oil shipments from 60 to 30 days and so obtained payment for 13 months. Incremental revenue for oil cannot have amounted to much less than RO 200m during the year, as against the original anticipated oil revenue of RO 48m.

By October, the Government was anticipating total revenue of about RO 820m, according to Mr. Mohammed Musa, Under-Secretary at the Ministry of Finance. A \$150m loan arranged in July turned out to be barely necessary.

The Government stepped up its recurrent spending to match the new revenue, giving all its employees a 10 per cent pay rise backdated to January 1, 1979, providing them with allowances to pay for electricity, and it accelerated payments to those qualified for social security benefits.

Despite the extra impetus given to development spending



the government anticipated a surplus for the year with ministries not expected to spend all their increased allocations.

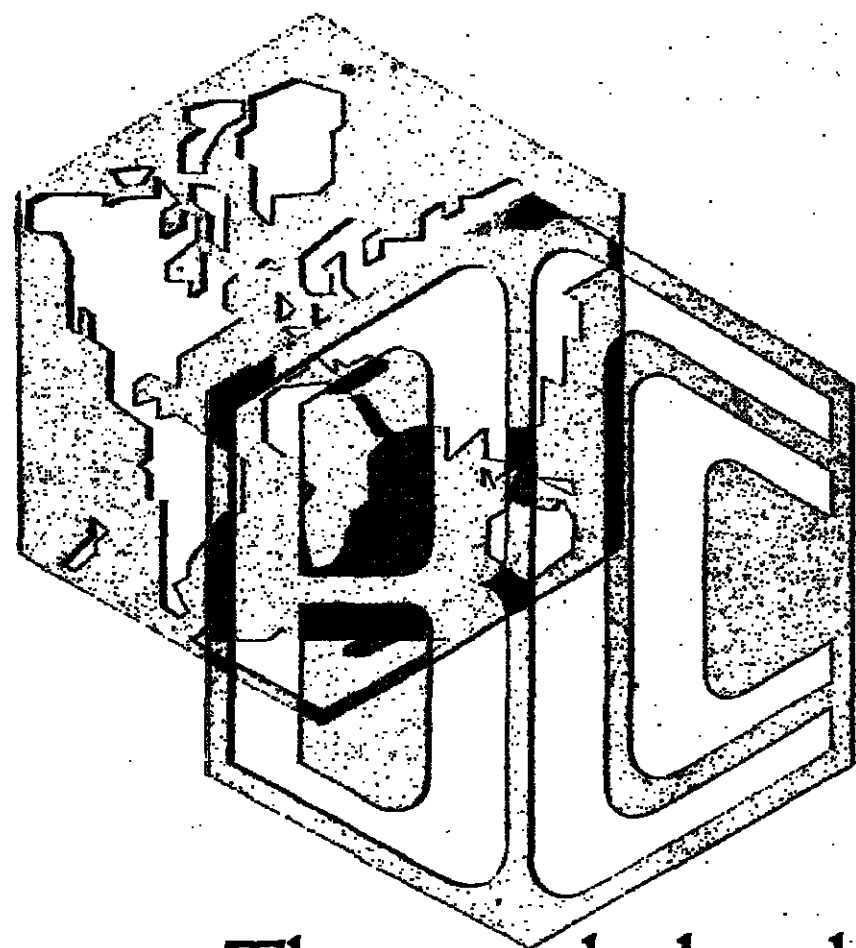
But, during 1979, a larger number of projects began getting underway, including developments in the long neglected Masandam peninsula, while roads in Dhofar began going out to tender. The contract for the important Niwata-Thamari north-south road went to Consolidated Construction International.

There appeared to be some movement on the copper scheme, while the Government dusted down plans for an oil refinery, and decided in principle to go ahead with it while studies of a direct reduction-steel plant were announced. Although the 1980 budget has not been published (the 1979 budget did not appear until late March), it should

show a near doubling of the oil revenue, even though output is likely to decline in the first nine months of the year before picking up again later as the new Dhofar oilfields come on stream.

The revenue prospects for the Sultanate look good at least for the next few years, with high prices and production which could well turn out to be higher than the conservative forecasts. Whether 1980 turns out to be a year of major expansion for the Oman economy depends heavily on the Government loosening the constraints on spending without letting it slip out of hand. An increase in defence spending looks almost certain with new purchases scheduled. But the gaps in the infrastructure still have to be filled and the long-heralded diversification of the economy away from oil has yet to be started.

James Buxton



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## Oil discoveries reverse decline in production

THE PROSPECTS for Oman's oil industry, on which the country almost totally depends, have been looking much more healthy lately. A series of small but useful discoveries will soon reverse the decline in the country's oil production, while the doubling of the official oil price over the past year will, among other things, make viable fields which would otherwise have been only marginal.

In 1977 Oman's oil prospects looked sombre. Oil production by the Shell-managed Petroleum Development (Oman) was dropping, only 10 years after it began, having reached a peak of 386,000 b/d in December, 1975. By 1981, unless an intensive secondary programme was successful, it would be down to about 220,000 b/d.

Plans were being made to exploit two new fields in Dhofar at Marmul and Amal, but the oil there was heavy, viscous and sulphurous, and the government had had to agree a special revenue formula with PD(O), of which it owned 60 per cent, to make it worth its while to develop them.

Then, in 1978, PD(O) had a great run of successes with its exploration in Dhofar, discovering a string of small and medium sized fields containing better quality oil: out of 15 holes drilled that year only one was dry and two others were disappointing. The Qahira discovery was of 30 degree API grade and one at Birha 33 degrees. The success rate has been so high that the oil company is now sure of making more discoveries.

### Big expansion

Now, PD(O) is engaged in an enormous operation both to find more oil and to bring the southern oilfields onstream. The number of drilling strings operating has gone up from four to seven and the company is now spending about \$1.5m a day, including recurrent spending. Capital expenditure is expected to go up from \$311m in 1979 to \$412m in 1980.

The whole operation has meant a big expansion of PD(O)'s operations which the company has been able to meet without too much strain. The distances involved are enormous, while trucks carrying heavy material take up to a week to reach the new oilfields from Muscat. At Marmul a permanent new township has been built in the desert with a high standard of accommodation and catering. The township was built by Wimpey and designed by Turner Wright and partners from the UK. As more drilling

has taken place, it has emerged that the township is built over the oilfield.

Some \$30m is going on a 450 km pipeline to link the string of new fields into the existing pipeline system at Qara Alasm then to the coast. At one point it was intended to pipe the oil down to the Arabian Sea either near Salalah or further east, but the security risks involved as well as technical problems persuaded Sultan Qaboos to pipe all the oil to PD(O)'s terminal at Mina al Fahal near Muscat. Cable and Wireless is building a solar powered telecommunications system for the pipeline.

Some of the new fields are expected to be on stream by the end of this year, bringing Oman's output back to about 350,000 b/d. Last year it averaged about 297,000 b/d, compared to 314,300 b/d in 1978. PD(O) expects to hold production at or slightly above 350,000 b/d at least until 1984.

But PD(O) is taking a characteristically cautious view of the prospects for output from the southern fields, pointing out that the geological structure is complex, that each field is different and that in some fields no gas has been found—which could mean artificial pumping will be needed to obtain the oil. PD(O) is assuming that only 5 per cent of the 26m barrels of oil found in the Marmul field will be recoverable, which implies that output will drop steeply quite rapidly.

A reasonable man might conclude that Oman is likely to be producing rather more oil in the mid-1980s than is forecast, and to maintain output for longer, though the size of the fields and the geological structure of the country virtually ensure that Oman will never be a producer on the scale of Saudi Arabia.

Part of the oil company's large spending is going on the secondary recovery programme to sustain output from the northern oilfields. Some \$100m is being spent on the Lekhwar field alone.

In some of the fields output will remain static and in others the decline will be slowed down, so that PD(O) now expects to be producing some 227,000 b/d from the northern oilfields in 1984—against earlier gloomy forecasts that output would be below 200,000 b/d by then. By then, the southern fields will be producing about 140,000 b/d.

In due course, PD(O) should cease to be the only producing oil company in Oman when a small find by Elf-Aquitaine Sumitomo and Wintershall at Sahmah in the south west is

hooked into the existing pipeline system. Initially, it is expected to yield about 12,000 b/d of 42 degree API light crude.

Just as the increase in the oil price this year has made PD(O) drill structures where it would previously not have bothered, so other oil companies have maintained or even stepped up their interest.

Gulf has taken over as operator on the find of gas which was made by Quintana at Sinaina, near Buraimi, in 1978. Though a confirmatory well proved dry, thus limiting the size of the discovery, Oman still hopes it may sell 125,000 cubic feet per day to Dubai for use in its aluminium smelter. This would involve running a pipeline across the UAE border. But Dubai is now planning some hopes on discovering gas in the deep Khuff zone offshore and so becoming self-sufficient. For the moment, the Sinaina wells are sealed, awaiting developments.

### Breached ceiling

A consortium of Elf, Gulf and Gulf Oil, with Elf the operator, has so far discovered only gas condensate in an offshore concession off the Masandam peninsula. BP is the operator in the rest of Dhofar on behalf of a consortium including Enlmar, Agip and Hispanoil.

Last year saw Mr. Ahmad Shamsi, the Minister of Petroleum take an increasingly aggressive role in pricing Oman's oil, culminating in the Sultanate going above the then OPEC ceiling of \$24 per barrel at the end of October. Though not a member of OPEC, and

with no intention of joining it, Oman has traditionally followed the lead of the more moderate states in the cartel.

During 1979 it steadily raised the price of its 34 degrees API crude from the \$14 per barrel imposed from January 1 to \$22 from July 1. Then, in late October, when other oil producing countries raised their price by 10 per cent, Oman went up to \$24.20, breaching the ceiling agreed by OPEC at Geneva, in June. The price announced at the end of the year—and backdated to December 1—was \$28.20, a somewhat more modest increase than had been expected.

But, at the same time, the Ministry of Petroleum let it be known that it intended revising its oil sales arrangements and selling its own equity crude—some 167,000 b/d—to the highest bidder on a monthly basis, and 'nothing under \$11 a barrel' would be considered. In the event, the four offers of Omani crude, of which the highest is Shell, had their contracts extended for another month and went down the negotiating team out to the Sultanate later this month to finalise arrangements for the year's supplies. It was not clear whether the auction idea had been dropped or merely postponed.

A new pipeline bringing associated gas from PD(O)'s fields to the capital area came into operation in May 1978 and gas now powers the power station and desalination plant at Chahra. A spur line is to be built up the coast to Sohar where the copper project is to be built.

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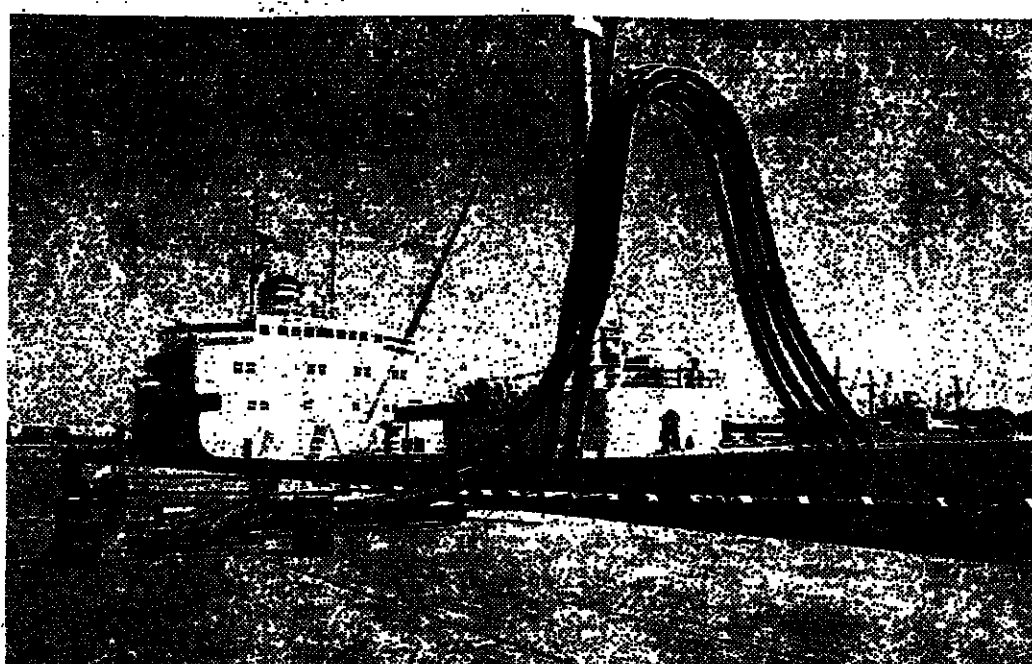


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In the past nine years, the 39-year-old Sultan of Oman, Sultan Qaboos bin Said, has achieved dramatic changes to bring his country into the 20th century.



Oman's oil production is smaller than that of other Gulf states and plans are proposed for developing industry and non-oil assets. Above: a ship refuelling at Port Qaboos, Muscat.



With a modern outboard motor fitted to his traditionally-designed boat, an Omani fisherman sets out for an evening catch. Fish resources are abundant along Oman's 1,700 km coastline.

## Moves to develop non-oil assets

OMAN HAS had a reprieve from the once impending decline in its oil production which made its medium-term economic prospects so gloomy in the mid-1970s. The new oilfields in Dhofar, while on a tiny scale by comparison with most of those in other Gulf states, will boost production at least for a time. Recent price rises have made Oman's oil reserves far more valuable, and, according to Mr. Qais Zawawi, Minister of State for Foreign Affairs, given the government the idea of reducing daily output to make them last longer.

Yet, while Oman will certainly be producing oil at the end of the century, the geological structure of the country suggests that it will never find reserves on the scale of Saudi Arabia or Abu Dhabi. Oman faced up to the prospect of a decline in oil revenue when it drew up the 1976-80 development plan which envisaged building up production by the non-oil sector of the economy. The plan proposed developing such non-oil assets as Oman has: agriculture, on which the economy of the interior and the Batina coast was formerly based; fishing, in waters known to be rich in marine life; industry, to meet local demand; and mining, starting with the development of copper reserves

in the north west. Oman appears to be better endowed for diversification than the small sandy states of the Gulf. Diversification in an oil state is dauntingly difficult. Such states do not have economic assets which could produce revenue on the scale of what they have earned from oil; the coming of oil wealth has usually altered beyond recovery the social and economic structure of the country, so that there is no going back to the former way of life based on old sources of income: urban populations swell; manual work is considered undignified; and welfare systems make people pensioners of the State, destroy their self reliance and break down existing co-operative systems of self help.

### Labour force

The development of new economic fields, such as industry, is usually thwarted by the fact that the indigenous labour force is too inexperienced, too small or too idle to staff the new enterprises, while the domestic market is too small to sustain them, and export markets cannot be served economically because of high production costs.

All these problems can be found to a greater or lesser

degree in Oman; but one of the main reasons why, by 1980, the last year of the five-year plan, relatively few projects in it have yet got underway is the lack of impetus provided by the government itself, reflected in the spending figures on development. There are two other important hindrances to development in Oman: the shortage of manpower and uncertainty about reserves of water.

Other articles in this survey look at how much has been achieved and what remains to be done in different sectors of the economy. The problems of re-instating agriculture as a major income-earner and import-saver are due in large part to the migration of manpower to the cities and to the United Arab Emirates; fishing has not yet lived up to its potential, even though, as in agriculture, Omanis are quick to adopt new techniques if they think them worthwhile; emigration plays an important part here too.

Industry and mining have so far had chequered histories. Though a few projects, such as the flour mill, were begun about the middle of the decade, a great weakness of that period was the Government's failure to push ahead with projects for making raw materials for the construction industry, including cement, which would have met

### BASIC STATISTICS

Area (sq. miles)	62,000
Population	840,000
GNP	RO 737.9m
Per caput	RO 898.64
Trade (1978)	
Imports	RO 327.2m
Exports	RO 522.3m
Imports from UK	£125.7m
Exports to UK	£41.9m
Currency:	
Omani rial;	£1 = RO 7.83

some of the needs of the construction boom both in Oman and its neighbours, such as the UAE.

As it is, Oman's cement plant, which could have been producing by 1978, is not due to start production until 1982 and though half the output will be taken by Kuwait it is not clear whether local consumption will account for the remainder since Oman—and the rest of the Lower Gulf—has already passed through a construction boom of a kind that only occurs once in a generation. The same applies to the smaller industrial projects in the construction materials field and makes questionable the concept of a steel

re-rolling mill now being studied. Nor is it certain that Omanis would wish to work in these plants, in which case they would be providing employment to foreigners.

The same considerations probably apply to the copper project, which officials in Oman do not expect to be lucrative and which is being embarked on because it is unquestionably diversification, because it will develop north-western Oman and because cheap finance is available. The oil refinery, now to be built, makes sense for security reasons.

Several themes emerge from these experiences. The first is the manpower shortage, caused by the great wealth that has been created in the capital area of Oman and the even greater wealth of the UAE, across the border. Its effects are detailed in individual articles.

Secondly, while some ministries have reasonably dynamic direction and have scored some solid achievements, especially in the building up of social services, others are less effectively led and their ministers and civil servants lack the drive to push through projects against bureaucratic obstruction in an atmosphere that requires having the ear of the Sultan at the right moment.

The Sultan, as Prime Minister,

may not always be firm enough in breaking the logjams that detain projects and reconciling competing ministries. Frequent ministerial reshuffles often result in officials moving with their ministers and in the process reports and feasibility studies often get lost.

### Relationships

A third theme is the uneasy relationship which often exists between Omanis and their expatriate advisers, European, Arab or from the Indian sub-continent. Omanis accept that they need expatriate assistance in running the economy, but they can easily be offended by what they see as the busy-body attitude of many expatriates who imply that they know best what the country needs. This problem stems from fundamentally different attitudes from development between Omanis and their advisers. The story of development in Oman has often been bedevilled by poor relations between different groups of expatriates.

The most important resource Oman has is water. Though it appears to be more abundant in Oman than it is in most other Arabian states, it is still in relatively short supply since rainfall is low and irregular and such reserves of fossil water

as have been found—mainly in the course of drilling for oil—are usually saline and hot and far from where water is needed. Yet, without a full hydrological survey of the country having been completed—though several have been started—water consumption has risen enormously in the past ten years.

The falaj system of conveying groundwater at the foot of mountains to village irrigation systems has, in places, decayed or been undermined by drilling wells; while the wells drilled for agriculture, gardens and swimming pools on the Batina coast have encouraged the incursion of salinity from the sea.

Several different government organisations are effectively competing for water supplies without co-operating: one consultant identified ten different agencies within eight ministries with responsibility for water development, conservation and use.

In Dhofar, competitive drilling for water to meet the needs of farming and the population of Salalah have been self-defeating for both parties. Over-irrigation, especially on experimental farms, is considered to be a common fault, while the Ministry of Defence is a big—and indiscriminate—user of water.

A scheme has been drawn up

for catching flood water at the bases of the mountains before it flows into the sea and for improving the efficiency of the falaj system by making it less leaky, but so far nothing has gone ahead. In part, this is because ministries lack funds for projects which are not being accorded high enough national priority; in part, there is reluctance to do anything to the falaj which may further upset the already shaky social structure of village life.

But drilling wells on the Batina coast has now been banned and a committee on water resources, under the chairmanship of Sultan Qaboos, is to be set up to co-ordinate policy on water. With sufficient power and forcefulness it could prove effective.

The increased oil revenues also remove the financial constraints on proceeding with the badly-needed diversification of the economy. It may be that the institutions of government, which have grown fast in the past decade, need further rationalisation to make this policy work. If diversification falters, the end of the oil era could leave Oman poorer than it was before it began.

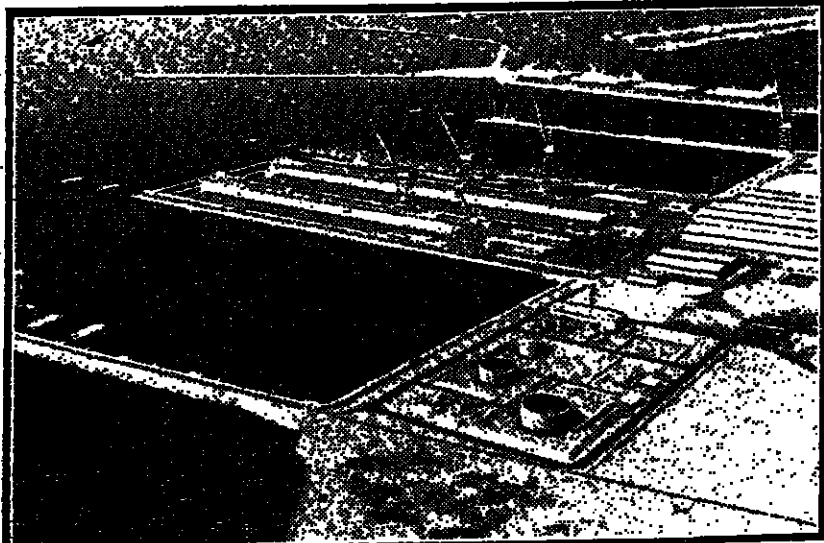
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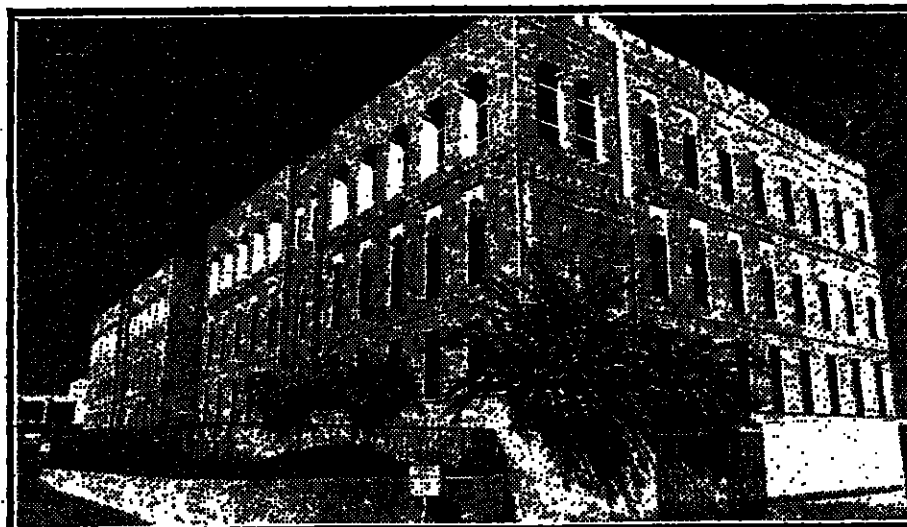
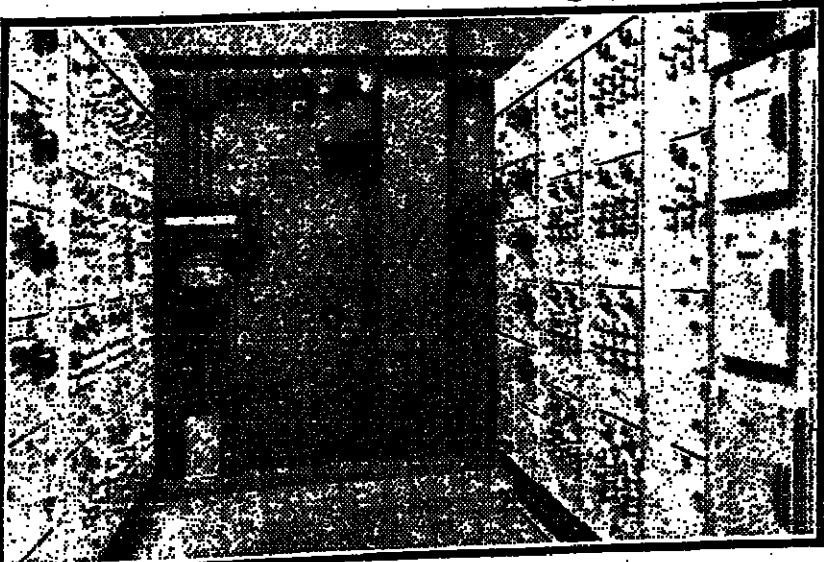
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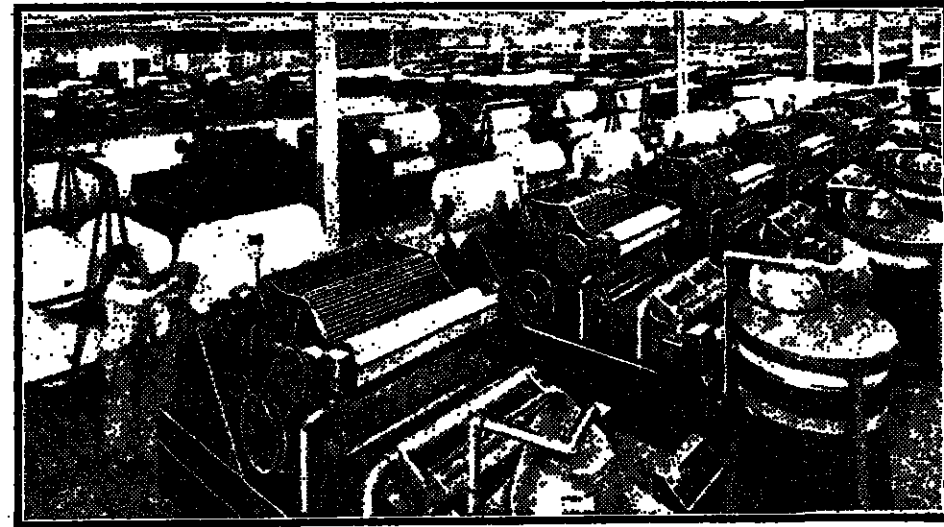
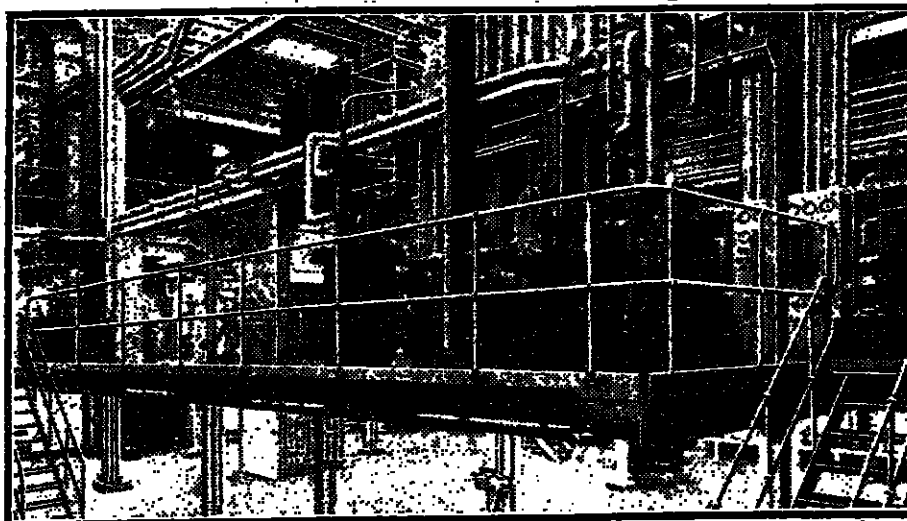
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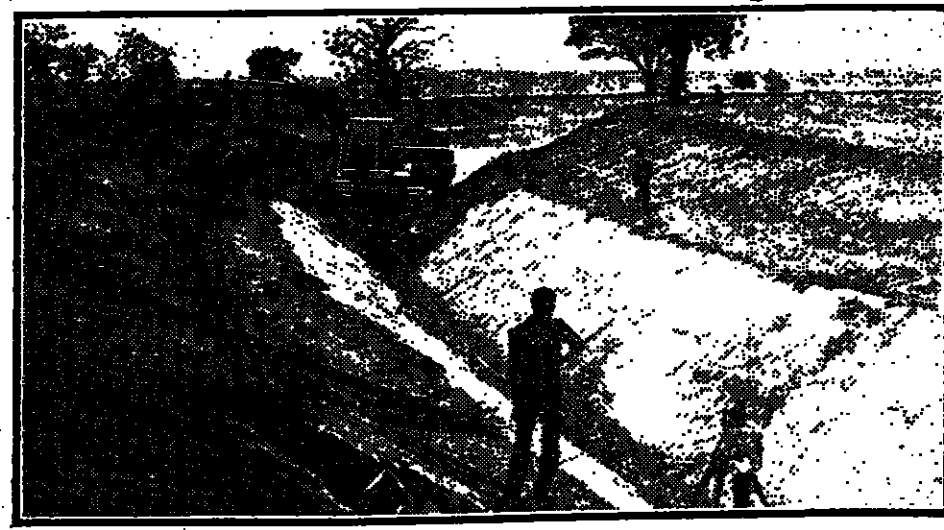
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# OMAN IV

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## Industrial plans offer scope for the West

OMAN'S INDUSTRIAL ambitions remain modest despite the Sultanate's new oil discoveries. The revenues generated by the new oil finds in Dhofar are unlikely to produce a commitment to industry on the scale of Saudi Arabia or Abu Dhabi.

Yet Oman is planning to embark on a selected range of industrial projects in the 1980s which offer business potential to Western contractors and suppliers. The most interesting are the copper extraction and smelting plant at Sohar in the north-west, the first in Arabia, and the 50,000-barrels-a-day refinery to be built near the Mina al Fahal oil export terminal to serve domestic needs for petrol.

These, together with the continuing oil field development programme being undertaken by Petroleum Development Oman (PDO), offer the best opportunities to exporters. The Oman Mining Company was set up in January, 1978, and has interests held by the Government (75 per cent), Marshall Oman Exploration of Houston (22.5 per cent), and Prospection Oman (2.5 per cent), although the two foreign interests are not actively involved in the project other than as equity participants. Opening up of the mines themselves started in June, 1979.

### Presence

The main reserves are at Balda, Arja and Laisail where drilling has indicated the presence of about 12m tonnes of ore. Saudi Arabia has underwritten about \$100m of the cost of the project, which was originally put at about \$124m, as part of a programme of bilateral assistance to the Sultanate. But no contractor has yet been appointed to build the smelter, which will be powered by gas from a spur of the gas pipeline from the main oilfields, and it will be some years before the scheme is in operation.

The company aims to refine to 98 per cent concentrate and is prepared to make an initial loss. The Government accepts that Oman will never become an "Arabian Zambia" as a copper exporter but it sees the scheme as providing diversification away from oil financed by cheap capital. It will also open up the north-west of Oman with an industry, roads and a port for the people of the area.

The contract for evaluating the geological and mining aspects went to the UK's Golder Moffitt and Associates, the successor to RIZ Consultants, a subsidiary of Rio Tinto Zinc. Other design contracts went to Canada for housing, Kilborn Engineering of Canada for the concentrating and smelting facilities and Monenco Overseas of the UK for power, transmission and desalination plant. Monenco is currently tendering for power supplies.

If the decision to go ahead with copper had its roots in the idea of developing the north west, the rationale behind the refinery was more prosaic. The Sultanate is acutely aware of its dependence on refined products, imported mainly from Singapore. A design contract for a domestic refinery was awarded to Shell International Petroleum of the Netherlands in October 1979.

### Tenders

Among the more conventional industrial projects is the Oman Cement Company's proposed cement works at Rusayl, near Sohar, for which the Belgian consultant Basse Sambre hopes to call tenders for machinery supply and structural and basic civil works in 1980. This project, the successor to several others with a tangled history, will be the first cement plant in the Sultanate and is expected to start production in 1982, cutting the dependence on imported cement. The Kuwait Cement Company, which holds 40 per cent of the equity, will manage the plant and take half the output of 1m tons a year.

The Sultanate's small-scale industry includes an asbestos cement factory, flour mill, dairy plant, soft drinks factory, dates factory, poultry production, printing presses, construction materials and metal fabrication. Industrial concerns are thought to represent about 16 per cent of all registered companies, which is small by any standards and suggests that the economy is still very much trade-oriented outside the oil sector.

The Government's involvement in support for industry

includes the establishment of the Oman Development Bank which began operating in March, 1979, to offer medium- and long-term finance to industrialists. The Government has also shown itself prepared to introduce protection for infant industries such as the asbestos cement pipes factory at the Rusayl industrial zone, for which import tariffs have been imposed on imported pipes.

Where the Sultanate lags behind neighbouring countries is in light industry. The capital area where most of the population is concentrated has nothing like the undergrowth of industrial concerns to be found in Sharjah in the U.A.E. Indeed many Sharjah-based engineering services companies are picking up maintenance contracts for heavy plant in Oman because no local servicing industry exists.

The lack of a servicing industry for heavy machinery is one of the major obstacles towards the development of agro-industries in the Sultanate, which has more cultivable land than its Gulf neighbours.

The attitude of Omani businessmen, many of whom prefer to be rentiers rather than manufacturers, is another deterrent to investment in industry. Foreign investment has been attracted to only 2.4 per cent of the industrial concerns being undertaken in the Sultanate, according to a survey by the Central Bank of Oman.

It is hard to see how an iron and steel industry for which the neighbouring state of Dubai has been unable to attract foreign partners would succeed in the Sultanate where the political risk is higher because of Oman's heavy defence commitments.

The lack of interest on the part of foreign investors, coupled with the net outflow of private funds, dictate that the industrial future rests with the small number of industries which the Government feels able to support from oil revenue.

John Whelan

Deputy Editor  
Middle East Economic Digest

## The children chat to you in English



Omani children study English from the age of 10

THE SUCCESS of the Sultan of Oman's policy of bringing education to the people could well be measured in the English spoken by children in many remote villages.

They gather quickly, quietly and smilingly around the visitor—the boys in their long white robes, the girls in their brilliantly coloured Omani dresses, silver jewellery dangling from their ears and hair, often carrying a baby brother or sister.

"How are you?" says one child. "My mother asks you to come to our house for tea... will you stay long?"

More startling are the conversations about Christmas and the birth of Jesus, followed by the merits of Pepsi-Cola. But they talk, they make themselves understood and want to be understood.

Ten years ago there were only three schools with 900 pupils which had exposed a few thousand privileged children to formal education over the years. Today one new school is opened, on average, every ten days. Over 86,000 students regularly attend classes in, to date, 355 schools.

On Sultan Qaboos's accession to power in 1970, one of the first four ministries he created was education. Instant education was, and is, the need. But construction of sufficient school buildings with modern facilities will take years. In a much-quoted speech, made in the early days of his rule, Sultan Qaboos said: "Teach them under the shadow of the trees." Today, many schools are still in tents, but the Government has a programme for replacing temporary accommodation with proper school buildings.

### Villages

Oman covers about 300,000 square kilometres but the population, estimated at between 650,000 and 850,000, is concentrated mainly in the capital area around Muscat and the Batinah coastal plain. Tucked into the arid mountains of the interior are thousands of small villages, with settled farming. It is to these outposts that education still needs to be brought.

Oman's 5,900 teachers have been recruited from all over the Arab world, from Europe and America. There are Omani teachers who, having exiled themselves in the past in order to obtain an education, returned to Oman when Qaboos took power. But a large percentage

of the teachers are from Egypt. The teaching methods which the Egyptians use are essentially learning by rote and memory. These methods may be traced to the old Koranic schools, where the Imams taught children to memorise passages from the Koran. Books, paper and pen were unavailable in the remote deserts and mountains of the Arab world, but the "book of books" is written in the heart of its followers. Most modern Arab schools still demand memorization and recitation on a scale which horrify Western educationists.

### Disinayed

Dissatisfied with the Arab memorisation method and equally disinayed by the poverty of spiritual values and lack of discipline in modern Western education, Oman decided to start its own education revolution. Two years ago, the Sultanate plunged into a programme which they call the "Omanisation of Education." It has involved new methods, new attitudes and new books.

To define its principles and aims, the Ministry of Education published a "Philosophy of Education." It is a haunting mixture of idealism and Victoriana which might be viewed with nostalgia by some Western educators. "Faith, knowledge and work are the main pillars of social progress," states the philosophy. Much is also said about educating the whole child, and about respect for work and patriotism.

Linguistic skills have been made a priority. They are, says the Ministry, fundamental for communication. Thus, Omani education is founded on teaching the basic means of communication, i.e. language with its constituents of reading, writing, comprehension and expression. English is studied in many schools from the age of 10. Added to this, the Omani child has to learn his own Arabic almost as a foreign language, because written classical Arabic is vastly different from everyday colloquial Arabic.

The application of the philosophy in other areas of education is interesting to watch. Islamic to the core, the teacher and student are required to relate spiritual to physical facts. For example, the Prophet Mohammed said that "you think mountains are standing still, but they are moving." The Omani explanation is that they are

moving because they are composed of constantly moving particles of energy. Does the new system work? The teachers must allow for many more questions and answers. They have had to undertake a considerable amount of re-educating, reasoning and "re-examination" of themselves.

"It is much more difficult for us," said an Egyptian teacher in Muscat. "And more difficult for the students, too."

One young girl in Zahra Girls' School, Muscat, said that her sister, who was two years younger, had new books comparable to her own old ones.

The new books use Omani names and local expressions. Previously the children used books published in Qatar with colloquial Qatari expressions unknown to the Omani child.

As for the education of women, the philosophy states categorically that special attention must be given to women "to enable her to take her proper place in the community, to promote her self-respect and enable her to play her natural role in building a modern social life."

The education of women occurs more aptly in Oman than elsewhere in Arabia for the face-mask and black veil have seldom been worn in Oman, except in remote desert districts. Women have historically held a firm, patriarchal role. Therefore, their new schooling and participation in modern life have not had to plough through the traumas suffered in some other Arab states. There are already Omani women teachers, nurses, air-stewards and even an Omani woman pilot. If ambitions are realised Oman will have women lawyers, doctors and engineers before many years pass.

The ministries, too, are opening their doors to women. A director at the Ministry of Education, Mrs. Rahila al Riyami, had to travel abroad in order to receive her own education. This has made her a passionate advocate of the new educational opportunities in her country. "We cannot develop without learning to reason," she said earnestly. "We must have reason, not rote."

Asked about the education of women she said simply, "Thank God the Government wants us to learn." There are now 79 schools for girls in Oman and, in addition, 134 schools are co-educational.

Students who go on to higher education and acquire special skills should become a bank of talent on which the State can draw in the future. Today, 700 students study overseas—a highly creditable figure when it is realised that many who are in universities and technical colleges abroad began their education at the age of nine or ten. It is not considered worthwhile having a university in Oman.

### Scholarships

More scholarships are being made available for higher education. These scholarships are carefully planned as an economic investment. If a ministry says that it will need engineers later in the 1980s, then special awards are made for students who want to take engineering degrees. They are guaranteed a job in Oman on completion of their studies.

Have the undergraduates been the human and economic investment which Oman needs? A large percentage of those who returned last summer for holidays joined a camp in Sohar. For three weeks they voluntarily built roads to isolated villages, cleared irrigation canals and made themselves generally useful.

An example of enterprising students who have remained at home and have not yet been abroad comes from Al Mahda in the Batinah-Oasis. There they joined the local community council to lay water pipes to every house in the village, laid out a football pitch, named the streets, provided every household with a lantern to hang outside his house at night, installed lanterns along the main roads, built a new mosque, shifted 65 tonnes of rubbish and dirt. The village is now recognised as a municipality which will bring it considerable benefits.

Patricia Holton

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# Complex problems in agricultural sector

AGRICULTURE IN Oman today is a strange amalgam of change and changelessness, of opportunities and of constraints. Here we can only identify the most critical facets of a highly complex and dynamic situation. At the national economic level agriculture has declined in relative sectoral importance: in 1967, agriculture and fisheries together contributed about 34 per cent of the GDP while today agriculture represents a mere 2 per cent. Before the oil era, dried limes, dates and small quantities of hides and fruit were the only significant exports; today agricultural products constitute less than 2 per cent of all exports and of these the traditional commodities of dried limes and dates make up about 30 per cent and 10 per cent respectively of the total non-oil export group.

Moreover, imports of agricultural commodities, almost entirely foodstuffs, have soared to a point at which Oman's dependence on food imports is frightening. It is estimated that the import share of the staple articles of consumption is 100 per cent in the case of rice, 90 per cent of wheat and 40 per cent of vegetables and meat; this in a country which, albeit at a low level of consumption, was all but self-supporting in food a generation ago.

## More imports

These vast reversals are of course the consequences, direct and indirect, of the growth of an economy and society dominated by oil production and oil wealth. In absolute terms it would appear, from the last survey estimates available, that aggregate agricultural production during the last ten years has not declined and in some instances has increased. In relative terms, however, the proportion of the fivefold increase in private consumption expenditure during the 1970s was met in the main by imports and not by any significant response in domestic production.

The quite scale of the problem thus becomes apparent. In the first Five-Year Plan, for example, in which almost 26 per cent of the total budget was allocated to agriculture, in the irrigated rural areas are benefiting from a planned attempt to slow down migration to the coastal region by diffusing non-agricultural development expenditure (housing, social welfare provisions etc.) as widely as possible.

However, Oman, along with many developing countries, is finding that neither the transformation of agriculture nor the neutralisation of the attraction of off-farm life is easy.

In the first place, Oman while certainly possessing significant potential for agriculture, is faced with considerable technical and environmental problems in the efficient exploitation

of these finite resources. The Sultanate can be divided into four land resource provinces. The Batinah is the first and in many ways the most significant agricultural zone, a coastal strip extending from Soch to the northern frontier and averaging little more than 1 km in width.

To the interior of the Hajar mountains, highland precipitation ephemeral flows in more channelled wadis out into the gravel and desert plains. Here, these concentrated flows are tapped by underground galleries—*adaj* (sing. *fajaj*)—and conveyed to oases, where the coincidence of suitable soils and water supports a discontinuous series of agriculturally-based settlements extending along the interior mountain banks, from Buraimi in the north through Ibri, and Nizwa south to Ibra, finally petering out between the Wahiba sand desert and Ras al Hadd.

The Hajar highlands themselves, deeply dissected and divided, can support, at low capacity, goat-herding pastoralists and a few, small, isolated mountain-terrace villages. At most 600 km to the south-west lie the small embayments of Salalah and the surrounding Dhofar mountains. Here, weak summer monsoons bring seasonal flushes of tall grass to the Jabal, enabling limited cattle-herding, and some groundwater flow to the coastal plain and sea-edge cultivation.

The resource emphasis throughout has to be on water availability and it is the absence of adequate water which restricts expansion of the cultivable area to an estimated total of about 40,000 hectares and, moreover, makes it almost impossible to bring newly into farming anything other than relatively small and non-contiguous patches of land.

The series of hydrological surveys carried out in the mid-1970s and studies by the Department of Water Resources have shown that, nationally, about two-thirds of Oman's resources are currently utilised—a high proportion in world terms. What is particularly significant is that further exploitation will not only be extremely difficult and very costly but also that in some key areas over-exploitation is already taking place.

In south-east Batinah the major aquifers in the Soch area were in great danger of depletion before the Ghubra desalination plant relieved some of the pressure created by the greatly accelerating growth of demand for water by the capital region. Water quality has declined and the seawater/freshwater interface has been pushed back inland on the Batinah by the increased volume of water extracted by medium-lift irrigation pumps—a factor increase of about 20 in as many years.

In the interior, well-documented *fajaj* failure and settlement abandonment is more usually due to neglect rather

than to drought, but even here the uncontrolled introduction of pumpsets to deep wells in *fajaj* areas is inflicting critical imbalances between supply and demand. A recent survey suggests that around Salalah available groundwater resources cannot support the planned expansion in urban and agricultural demands.

In these conditions, all agriculture other than that of low-density browsing of animals is totally dependent on irrigation. This in turn requires skilful land and water management associated either with high capital-intensive high technology or with labour-intensive traditional methods—and the choice is neither open nor simple.

Soil quality, while never high, even in the farmed areas, as the result of low organic and nitrogen content, very high free-carbonate content and relatively high content of soluble salts, is less of a prohibitively limiting factor.

The answer must lie in increasing the efficiency of the agricultural use of the—quantitatively and spatially limited—vital resources of water and soil. Present land use still contains many elements surviving of the not-long defunct tradition of subsistence farming. Date palms still occupy more than a third of the cultivated area although now of low commercial profitability. Replaced as a staple food by imported rice and wheat, and periodically much manual care, and with low average yields, they cannot compete in the specialised high-price, high quality markets with the products of Egypt and Iraq.

## Valuable crop

The most valuable commercial crop is of sweet limes, which take up about 10 per cent of farmland. Dried over period up to two years and demanded for their strong flavour, they find limited and less than stable markets in Iraq, Iran and the Arabian Gulf countries. Even less than with date palms, limes are not grown in specialised orchards or gardens but are produced in small quantities by many.

Alfalfa is the common fodder crop grown by almost every farmer, to supplement the food intake by browsing of his few head of goats and sheep and for sales to landless villagers—and now increasingly from the Batinah for sale in Abu Dhabi.

In general, rural livestock farming presents a similar picture of non-commercial specialisation. Of the estimated 200,000 head of goats and 70,000 sheep about half of the former and two-thirds of the latter are owned in twos and threes by villagers, the remainder being the stock in trade of the highland and desert pastoralists. Fresh meat is desired but expensive: a 30 kg goat will fetch 40 RO-70 RO.

Nevertheless, both spontaneously at local level and as the result of Government action, there is ample evidence of actual and potential response by farmers to market opportunities and advice. The difficulty lies in the ambivalent effect on the agricultural sector of new-found oil wealth in Oman and in the neighbouring states.

Governmental activity in agriculture can be considered under two broad heads. The first is concerned with technical and advisory improvement in existing farming. The Ministry of Agriculture and Fisheries has, a major research facility at Rumail (Batinah) linked to subcentres in the interior.

A total of 43 government farms and extension centres are responsible for disseminating information, conducting trials and offering a variety of services such as subsidised tractor tillage and cheap fertilisers, seeds and equipment on credit. In addition, agricultural schools are being established, the first at Nizwa, as well as a programme for agricultural co-operatives.

At a different level there has been considerable investment in agro-industries and joint ventures involving the private sector. Notable among the former are the date-packing factories at Nizwa and Rostaq, the first of which has remained in operation, though below capacity, and among the latter, the cattle production unit established at Sohar by F.M.C. California and still surviving after a series of vicissitudes, and, most recently, Sun Farms in Dhofar involving Agriconsult of Switzerland.

Why then, given grass-roots and official initiative, has the agricultural sector not apparently fulfilled the hopes of the planners? The single-word answer is manpower. At farm level most accept that the drive for survival during earlier harsher periods has vanished. The opportunities for lucrative and attractive non-agricultural employment in Oman have grown steadily year by year while the United Arab Emirates have maintained for more than a decade the Dick Whittington syndrome.

Given the present numerical preponderance of the rural population, and the fact that by the year 2000 more than half a million rural Omanis will have to provide the production base for the post-oil modernised state, more emphasis will have to be paid to assisting existing farmers to transform themselves.

The survival of the state within a generation will once again depend on the socio-economic stability of the country areas. The challenge lies in the need to obtain a rural response that is increasingly sophisticated and self-sustaining.

Howard Bowen-Jones

Howard Bowen-Jones is Professor of Geography at the University of Durham.

## Abundant fish resources

INHABITANTS along the 1,700 km coastline of what is now the Sultanate of Oman have been fishing for several millennia. Fish resources are very abundant in Omani waters, and until the 1960s exports of dried and salt fish, and fish products to the Indian sub-continent and East Africa were exceptionally large for what was then an undeveloped, traditional fishery.

The traditional fish exports have, however, virtually disappeared since 1970, and the country is now hardly more than self-sufficient in fish, despite the fact that one of the world's richest fish resources lies off the south-east coasts.

Nevertheless, if properly managed, fishing has the potential of providing a major contribution to both the economic and social development of Oman after oil revenues begin to decline.

## Production figures

Although official Government estimates place it much higher, Oman's annual production of fish is probably no more than 40,000 tonnes. A large part of this is made up of sardines and anchovies, though the quantities available of these pelagic shoaling fish are notoriously variable from year to year, which makes their national exploitation difficult.

When dried, sardines have been important in Oman for many centuries as a fodder supplement for animals, especially in the southern province of Dhofar.

Larger pelagic fish are also caught in quantities, including kingfish and tunas which are particularly well-liked locally.

Sharks, once the basis of a major export trade in fins with the Far East via India, are still the Far East via India, are still important as a food commodity, especially in succulent form among the peoples of the interior, being nutritious, resilient and portable, though they are

disliked by the coastal populations for religious reasons.

Realising the potential importance of fisheries to the country, the Government has been attempting, since 1970, to stimulate fisheries development. Following a marine resource survey of Omani waters, carried out by an American consortium between 1972 and 1975, the Government acquired a fisheries research vessel and three trawlers, and built refrigerated storage facilities at Mutrah to cope with the catch from these.

In 1975, the Government signed an agreement with a Japanese fishing consortium granting sole concessionary trawling rights to a rich area of the continental shelf off south-east Oman, but within two years the Japanese had pulled out and were replaced by a Korean concern.

In both cases, a proportion of the catch was delivered to Oman. Neither agreement, however, has produced more than a few thousand tonnes of fish per year, much less than was originally hoped.

Early in 1979, responsibility for the concession agreements, the Government trawlers and the associated land facilities was transferred to the newly formed National Fisheries Corporation on the recommendation of FAO. Indications are that the same difficulties of technical and organisational servicing are still hampering production, and the hampering remains heavily subsidised by Government financing.

Rather than these industrial ventures, it is the local small-scale "traditional" fishermen who are responsible for the vast bulk of the national fish catch. Detailed national statistics are lacking, but the number of small-scale fishermen may be placed at present at around 6,000, including adolescents.

They work with a variety of equipment including beach seines, fixed nets, submersible

traps, and lines, depending on local conditions. Boats are generally small, holding typically two to four men.

Fishing still tends to be a family concern and is viewed by the fishermen as a way of life rather than a commercial business. Nevertheless, the fishermen have proved themselves in recent years to be far from traditionalist in attitude or prejudiced against improved technology, provided it is seen to be appropriate for their needs. Until the early 1960s, social and political constraints prevented much rural development of any kind in the country, and it was not until 1970 that development was positively encouraged.

## Old methods

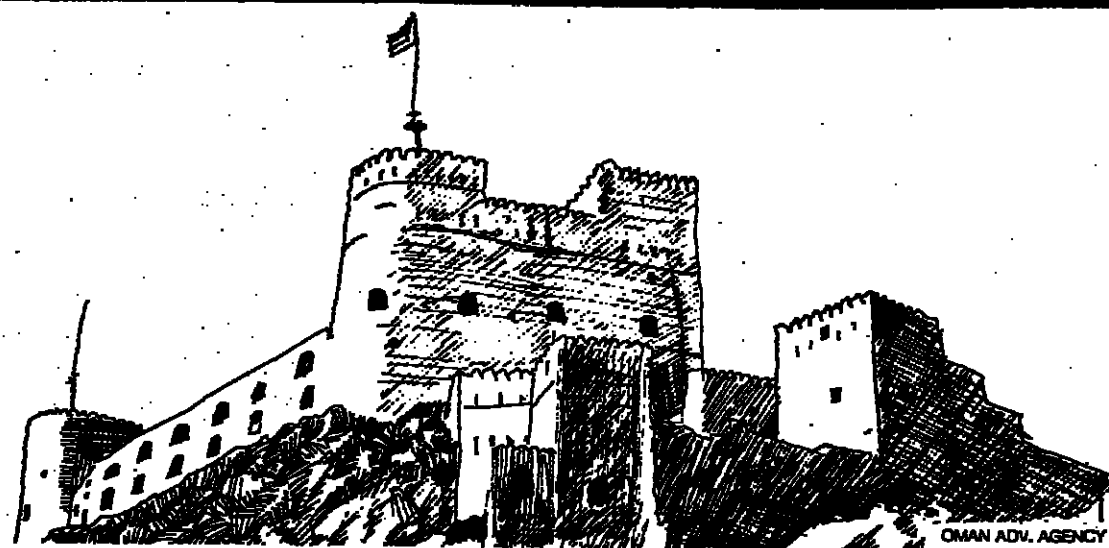
Traditional fishing equipment had changed hardly at all for centuries. Nets, for example, were still laboriously hand-knitted from cotton yarn, and motorisation of craft was unknown. When the introduction of innovations became possible, the transformation of fishing equipment took place remarkably rapidly and wholly by the fishermen's own initiative.

By 1975, more than 80 per cent of the wooden fishing craft had been motorised and longer lasting ready-made nylon netting had everywhere ousted the old cotton nets.

The source of the inspiration for this indigenous development and of the capital to fund it has been largely from the oil states of the Gulf. A large part of the adult workforce—possibly as much as one-third—spends much of the year as penurious migrants in Bahrain and other Gulf states, either fishing or else, increasingly, in land jobs unrelated to fishing. This migration of Omani fishermen is of long standing, extending back into the pear fishing days of the Gulf, but it would seem to have increased in volume in recent years.

Dr. Bill Donaldson

The writer is a member of the University of Durham's Oman Project



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# Big emphasis on efficiency in defence and security

OMAN ALMOST certainly has the most efficient armed forces in the Arabian peninsula. Critics of the forces in the other oil-rich states of the area—that they prefer accumulating masses of expensive, over-sophisticated equipment to building up a well-trained and disciplined force—have so far been hard to apply to Oman.

The key to the efficiency of the forces is Oman's employment of the core of British and other expatriate officers and NCOs, some of them on direct secondment from the British forces, the larger part on contract, who still command the three arms of the forces and provide technical support and training.

The forces of virtually all developing countries require expatriate assistance; in Oman, the need is particularly great, partly because the formation of a modern army only began, in a small way, in the 1950s; partly because the forces had to fight a guerrilla war assisted from outside in Dhofar province until 1976; and partly because Russian, Cuban and East German officers have such a big training and combat role in Oman's unfriendly neighbour South Yemen.

Where Oman differs from most other Arab countries is that Sultan Qaboos, who went to Sandhurst and served for a time with the British Army of the Rhine, is less concerned with token Omanisation than with finding the best qualified and experienced man for the job, be he British or Omani.

"We do not believe in taking a man out of military academy and making him a brigadier," says Colonel Salem Gazali, Under Secretary for Defence.

"If there is no Omani qualified and experienced to do the job it will be filled by a foreigner."

#### Sultan's desire

The attitude stems partly from the Sultan's desire that things should be done properly and partly, perhaps, from lingering doubts about the Omani tribes, to subdue whom the modern armed forces were built up under Sultan Said.

But Omanisation is inevitably a long process while the role of the British is easy for outsiders and Omanis to criticise, as the Government acknowledges. But Sultan Qaboos told the Financial Times his main fear was that the British would leave before they had trained enough people to take over from them.

The three avowed aims of the armed forces, which are divided into three—the Sultan of Oman's Land Forces, Navy and Air Force—are to deal with internal security, perform counter-insurgency tasks and to deter an external enemy. The development of the forces over the past two and a half decades concentrated primarily on the first two objectives, since their main task was the pacification of the interior in the 1950s with the Jebel Akhdar war, and the second the defeat of the 12-year insurgency in Dhofar.

In certain respects, the ending of the Dhofar war appeared to leave Oman with rather more heavily equipped armed forces

than seemed necessary for peace-time.

But the enormous growth of the firepower of the forces of the Peoples Democratic Republic of Yemen, the build up of the Soviet presence in Britain's former base at Aden, and, most recently, the ending of Iran's active defence role in the region have completely altered the picture.

South Yemen still supports the Popular Front for the Liberation of Oman (PFLO) and does not recognise the Sultanate.

The PFLO probably now has only nuisance value in Dhofar where only a few dozen fighters are still at large, while the main entry route across the border for insurgents is virtually sealed.

Muscat is more worried about the possibility of outright invasion by South Yemen, perhaps on the lines of South Yemen's incursion into North Yemen last year under the guise of helping a liberation front. Sultan Qaboos believes that his forces could deal with a South Yemeni invasion on its own, but since South Yemen would be most unlikely to attack without the blessing and physical support of the Soviet Union and its surrogates he thinks the Sultanate would need help from outside.

South Yemen has considerably strengthened its equipment in the past two years, with Soviet help, and it now has some 280 tanks while the number of aircraft has more than trebled to more than 100 combat aircraft, some apparently flown by Russians and Cubans.

The other main threat is at the northern end of the country in the Strait of Hormuz, which has become a matter for alarm since Iran ceased to guard it, strengthened by occasional reports of terrorists wishing to block it and by the general nervousness in the region following the Soviet invasion of Afghanistan. The Hormuz threat is considered on page VIII; Oman feels responsible for the strait's protection as part of its general strategy for the security of the area.

#### Iran's withdrawal

Iran, which at the peak of the war in Dhofar had about 4,000 troops in Oman, withdrew its remaining personnel in the spring of 1979. They were not, as was suggested at the time, replaced by Egyptians. It was the disappearance of a regime that would almost certainly have stepped up its support for Oman in time of trouble, rather than the withdrawal itself, that made Oman worried. One gap left by Iran's withdrawal—the loss of the use of C-130 Hercules transports—has been filled for the moment by the loan of Saudi and Pakistani aircraft.

The result of all these developments is that Oman feels it must strengthen its forces. The 16,000-strong army (excluding expatriates), is not equipped for an offensive war—it has no tanks but only armoured cars—and apparently does not intend to change that. But having agreed last year to buy \$800,000 worth of anti-tank missiles from the U.S. it has asked Britain and the U.S. to supply 155 mm artillery to match South Yemen's.

The Air Force, whose main offensive strength is a squadron of Anglo-French Jaguars (one of which was destroyed in training) and a squadron of Hawker Hunters, has asked for another 12 Jaguars, more Sidewinder air-to-air missiles and more British Rapier/Blindfire surface to air missiles. The navy which has six fast patrol boats, wants three minesweepers to patrol the Strait of Hormuz, more patrol boats and some anti-submarine helicopters.

Both Britain and the U.S. are considering Oman's list of requests which was submitted last year, well before the Afghanistan crisis. The initial U.S. reaction was that though some of Oman's equipment was ageing it was not in desperate need of many new items. Britain and the U.S. may now regard Oman's requests with more urgency, but an important

question is who will pay for the new arms.

With its new oil revenue, Oman is far better placed to pay than it was before, but it probably still hopes that Saudi Arabia, which is believed to have paid for its first Jaguar squadron, will foot at least part of the bill, while it has for months been trying to get all the Gulf states to finance its minesweepers.

#### Distraction

Yet even without the minesweeper force, which would completely alter the basis of the navy, the absorption of large quantities of new equipment could be a distraction from the training and Omanisation especially in the air force and navy.

During the Dhofar war, expatriate officers made most of the decisions and handled all the staff work and logistics, so the armed forces now concentrate, especially in the army, on teaching staff work to complement the Omani's battle experience.

Omani officers have been put into more and more senior posts in the army, though usually with a British deputy commander to give advice and continued training.

All the infantry battalion commanders (except those of the battalions raised from Baluchis) are now Omani, and the British commander of the army, Major General Sir John Watts (formerly commander of the SAS whose last contingent left Oman in early 1978) is to be the last British officer to hold that post. He will stay for three years as general, and the Omanis hope he will stay on thereafter to assist his Omani successor.

One of the two commanding brigadiers in the army—the commander in Dhofar—is an Omani, and he will soon move to headquarters to help the general after which both brigade posts will be taken by Omanis. The number of British loan service personnel in the army is now down to 39 from 40 in 1978, but the artillery and other technical services will take longer to Omanise than the infantry. Even so Col. Gazali believes the target date in three to four years' time for full Omanisation of army will be met.

But the air force and the navy will take considerably longer to Omanise because of the technical knowledge required and the low level of technical and educational skills most Omanis have. Pilots are being trained at Masirah, the former RAF staging post, but the programme only began in 1977. There are now some Omani Hunter pilots, but the Jaguar squadron is flown by Britons either on secondment or contract.

The navy has had men on five-year sea-going training in the Malaysian navy and one of these was recently due to take command of one of the fast patrol boats. There are ten British loan service and 73 British contract officers in the navy and 16 Pakistani officers. In both these services the new equipment the Sultan wants to buy would mean a substantial increase in the number of expatriate personnel in proportion to Omanis.

Britain and Oman appear to be agreed on the need for and the pace of the policy of Omanisation and the withdrawal of the loan service personnel, for which each of the three services has a different target date. Though both sides know that gaps left by departing loan service personnel can be filled with contract officers and NCOs acquired on the market, as it were, Omani officials say they do not find the contract officers as disciplined and as dedicated as the loan service personnel.

One problem is their sensitivity to changes in their relative pay and conditions. The pay increases which the new Conservative Government implemented when it came to power last May, accompanied by the fall in the dollar, to which the Omani Rial is tied, tipped the balance for a number of contract officers, especially in the air

force, and a fair number resigned to go back to the UK, where they had had to leave their wives and families anyway. The Jaguar squadron went far below strength and there was a shortage of aircraft engineers.

At lower levels, there is an alarming drain of manpower to the forces of the United Arab Emirates, which fills its yawning manpower gaps with mercenaries of 29 different nationalities, but predominantly with Omanis, who are believed to make up between 60 and 80 per cent.

The attraction of serving in the UAE is much better pay, much less discipline, shorter hours and the lack of hardship posts, such as Dhofar or Masirah. The UAE likes to take trained Omanis because it finds they make good soldiers.

The Ministry of Defence in Muscat claims that the UAE has three times broken agreements not to poach men from Oman and not to raise their pay scales without warning Muscat. To fill up its own forces Oman has to recruit from Baluchistan and other parts of Pakistan. The non-Omanis are commanded by British officers.

While the armed forces play an important role in bringing development and particularly air services to different parts of the country—especially Dhofar and Masirah—they are themselves inevitably an expensive force. In Oman society, it is often thought in Oman that to counteract any political threat from the armed forces, especially when Omanisation has gone further, the Royal Oman Police have deliberately been well equipped. The International Institute for Strategic Studies classes the

police air wing, with its Buffalo and other transport aircraft and its helicopters, as paramilitary forces.

The police are certainly highly efficient and contribute greatly to the orderliness which is so obvious in Oman; but there are only about 4,000 of them and their equipment is arguably no less than is needed by a colonial-type force to operate in a big, wild country, where illegal immigrants and subversives are considered a constant danger.

#### Fears of subversion

The high level of defence spending, the Sultan's own interest in defence and security and the perceived threats of subversion from outside make Oman highly security conscious, restrictive of the entry of visitors and apt to react with a major security alert to any hint of trouble.

Palestinians find it very hard to enter Oman by normal means. Some people argue that the security is obsessive and that the protection given the Sultan, at least, until recently, cut him off his own people and so was counter-productive.

In early 1978, over reaction and faulty analysis of information by the Oman Research Department, the intelligence service, led to the army staging a big build-up on the Abu Dhabi border—even the Fijian home guard were brought up from Dhofar. It turned out that Abu Dhabi was staging some routine exercises. One result was that the ORD has since been shaken up and some of the older personnel replaced (with Britons), and a new director brought in from Hong Kong.

J.B.

## KHIMJI RAMDAS

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## OMAN VII

# Rural pattern of living destroyed by change

UNTIL THE oil era, agriculture not only formed the basis for the economy of Oman, but also for the way of life in which its social and political institutions were rooted. Today, the old pattern has all but disappeared.

In part, this collapse has been caused by the importing of food, coupled to a fall in demand for the old product of the land, and in part by the availability of an alternative economy and the perceived attractions of the new centres of development. But more important is the damage caused by the break-down of traditional social structures. Here, the changes have been least appreciated and the remedies most ill-conceived.

The worst affected part of the region is the mountainous interior, the part of the country which was more-or-less independent of the Sultan until the British backed coup of late 1955 which did away with the rule of the imams (spiritual leaders) whose origins go back to the eighth century.

With the final suppression of the Imamate resistance movement in the early 1960s, effective control of the whole country moved to Muscat and for the first time in its Islamic history the interior was opened up to outside influences.

With this basic shift in the political structure of the country, those barriers were removed which had isolated the interior and allowed to continue, largely unchanged, those institutions that had been developed between the eighth and twelfth centuries.

## Emphasis

With the accession of Sultan Qaboos in 1970 suppression gave way to a more benign rule, but with it has come neglect. Political emphasis is now concentrated on the southern province of Dhofar where the Sultan, learning from the failures of his father, is following up war with development. Dhofar receives a disproportionate share of the State's rural investment budget, while most of the rest goes to the Marina coast.

In contrast, little attention has been paid to the real needs of the villagers in the now politically quiescent interior. These needs are rooted in the organisation of the *afaj* community, a village structure based on the distribution of water, and quite unknown on the Bahrah coast where irrigation is by wells.

The main form of *afaj* in Oman is the *qanat afaj*, a tunnelled, horizontal well tapping groundwater at the foot of the mountains, often as long as 8 km and 25m deep at its headwaters. It has been built at "finite toil and expense" (Polybius) to exploit a scarce resource in areas where the potential for settlement is marginal and upon which the whole village community depends for its subsistence. In Oman, the *afaj* network is of great antiquity, and also long-established is the system each village has worked out to deal with such problems as seasonal and inter-annual variations in discharge, *afaj* maintenance, and the schedule for delivery of water to individual shareholders. For such communities a sense of equitable participation in the benefits, as well as the costs and occasional catastrophes, of their water supply is fundamental if the community is to maintain its vigour.

Since planners and officials are recruited from a culture alien to the traditions of the interior, they are largely ignorant of the centuries-old legal background, and the Irrigation Department of the Ministry of Agriculture in Muscat responsible for *afaj* is relegated to a very minor position. As a result, cases of potential con-



Women wash and fill water-jars in an ancient canal, near Nizwa, Oman. The system of *afaj*, or irrigation by gravity channels, is still widely used

licts have developed in recent years which would never have arisen if the old laws, based on a sound knowledge of hydrology, had been applied. When the fashion today is to talk of co-operatives in agriculture, one of the most highly-developed co-operative systems that exist in Oman is being ignored as a result of a failure to know how it functions, or even to appreciate its very existence.

This ignorance by officialdom, rather than lack of goodwill, is the basic cause of many present-day problems. The present Government can point to schemes and well-intentioned efforts, but their failure to meet the real needs of the villages stems from a lack of understanding of how land organisation actually functions. The old Imamate system was not ideal, but at least the tribal and village social structures were partially integrated through the communal interest in the *afaj*, whilst the Ibadhi religious code ensured a reasonable distribution of wealth and adequate representation of the interests of all elements in the population in the running of the country.

## Tribal system

The cost of maintaining this primitive "democracy" could be high in economic terms, for the tribal system functioned by opposing rather than uniting groups, while the decentralised form of Ibadhi government resulted in a failure to invest sufficiently in the upkeep of the country's irrigation system. In contrast, the villager, has peace today and a government with the means to better his lot. Yet there is no security, for he lives in a world in which he has lost confidence. The collapse of the old socio-political structure has left a vacuum of organisation in the villages and is a major factor contributing to the abandonment of land.

Migration from the villages, whether to the burgeoning new centres on the Coast or to other prosperous parts of the Gulf region, is the main manifestation of these declining conditions and the immediate cause of change in the villages, for the pattern of the agricultural calendar along with the division of labour and responsibility was based on the old demographic structure. The result is an increasing misuse of water,

ages and disequilibria. This decline of the *afaj* system also affects whole series of others dependent on it. One example is that of *waqf*, the system of religiously organised charity. Studies on the traditional use of *waqf* in Baki, near Nizwa, show how important this was in providing for such community interests as education, hospitality, the upkeep of religious buildings, and the supply of funds for emergencies and the maintenance of the poor and orphans.

In some measure, these needs are being fulfilled by government organisations, in some cases more fully than under the old system. Yet the growth of a welfare state institution, administered by a remote central government, is replacing self-help and the sense of communal responsibility. Once again the society is being sapped of its own energy—centuries of work are being undone without thought or even awareness of what is happening.

There is no simple solution to any of these problems. Many of the charges are inevitable and, in some respects, there is not a great deal to be done about them. But in a country of perhaps three quarters of a million people which is also relatively poorly endowed with oil, there is no room for complacency in this decline of the agricultural economy. This is particularly so since most of the labour from the villages is not being drawn off into the oil sector but into non-productive occupations which do little to better the standards of the population.

## Casual labour

A major survey conducted by a Durham University team in the Buri area and published in 1977 showed that three quarters of the male population between 14 and 40 years old were absent. Nearly a half of these were occupying low grade positions in security forces, a quarter were unemployed, while over half of the rest were only acting as casual labour or *fawashes* or office boys in Government offices.

The most disturbing feature about this situation is the lack of awareness of what is happening and the insensitivity of those in authority to realise that this rural exodus is not only failing to benefit the population, but is also leading to the collapse of an irrigation system worth countless years of oil income and of a society which has grown out of the land.

True, surveys are commissioned by the dozen, but the reports are lost in departmental reshuffles and there is no continuity in the collection of data essential for future development.

Cushioned from the outside by the trappings of new wealth the Government in Oman today is profoundly ignorant of the realities of rural life. A little story from the past should perhaps be fixed on the wall of all officials.

The story goes: "One day, while the Imam Ghassan ibn Abdullah (808-823) was out walking in Nizwa, he noticed that water-moss was beginning to clog the main irrigation channels.

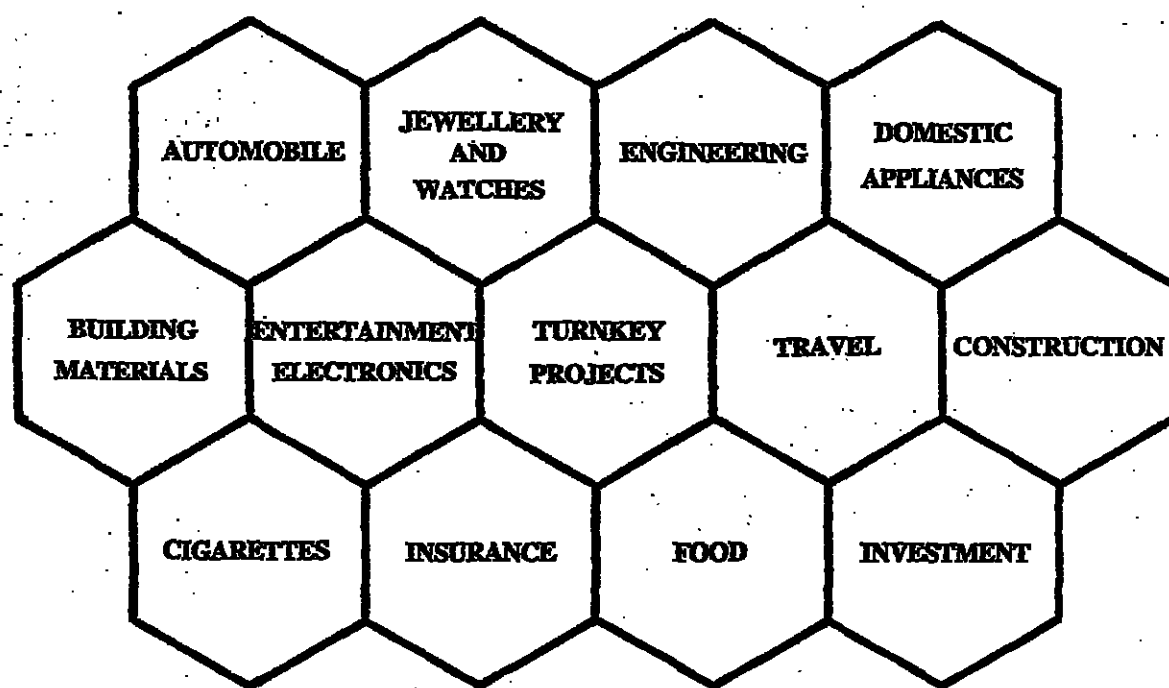
"Realising that this was a sign of something wrong, he determined on discovering the cause. Eventually he managed to narrow it down to mismanagement by his own officials. These he therefore changed, whereafter it was to be seen that the water flow in the channels increased."

## Dr. John Wilkinson

The writer is a lecturer in geography at the University of Oxford.

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# An independent attitude in foreign policy

OMAN'S MANAGEMENT of its foreign affairs today owes much to two things: its physical isolation—by sea or by desert—from other countries, except the United Arab Emirates; and its long historical tradition of looking outwards from Arabia to trade and colonisation along the coasts of Africa and the Indian subcontinent. (Zanzibar was once Oman's most prized territory. Its last foreign possession, a little enclave on the coast of Pakistan, was given up only 22 years ago.)

Perhaps this is why Omanis are far bolder than other Arabs in saying bluntly what they think, a trait that appears to be reflected in the Sultan's foreign policy. Unlike other Arab states Oman does not automatically subscribe to conventional Arab attitudes, which it often considers—and describes in private—as bogus and hypocritical and it often sees Arab affairs in a broader context.

But its publicly flaunted independent line on many issues can make it isolated, while an unquantifiable factor is how much effect the government's attitudes in foreign affairs have on opinion at home.

## Out of step

In three particular respects in the past few years Oman has been out of step with most of its Arab brothers. First, the Sultanate had good relations with non-Arab Iran during the reign of the Shah and relied heavily on Iranian troops for putting down the insurgency in Dhofar. Sultan Qaboos, who in many ways admired the Shah, found Iran a good counterweight to the Arab world as well as a supposedly powerful friend to rely on for more military help in an emergency.

Second, Oman has been far more positive about President Sadat's peace initiative towards Israel and the Camp David agreement than most other Arab states, believing that the peace treaty was by far the most worthwhile step towards settling the Middle East conflict that had so far been taken and privately challenging the Arab countries which rejected Camp David to produce an alternative strategy.

Senior Omani officials are privately scornful of the rejectionists: one of them describes the \$1.5bn Arab aid which Syria obtains annually as a frontline state as "rent for the occupied Golan Heights which Damascus

prefers to winning them back."

The third and most recent example is Oman's acceptance in principle of the idea of U.S. forces using military facilities in Oman in an emergency. This would not involve U.S. or other foreign troops being stationed permanently on Omani soil, but it is nevertheless a bolder position than other Arab states, except for Egypt, have chosen to make public.

## Serious risks

All these policies entail serious risks and in the first half of 1979 Oman was looking decidedly isolated in the region because of the fall of the Shah and because of its continued backing for Egypt, with only Sudan and Somalia as partners in the Arab League. Though there was little question of Saudi Arabia or Abu Dhabi cutting off aid, there was a danger that Oman's stance could increase the possibility of subversion and sabotage from South Yemen, Iraq and Palestinian terrorists—and in fact there were a number of security alerts.

As a result Oman attended the Tunis Arab League meetings and went out of its way to state that it believed in full Israeli withdrawal to 1967 borders and in Palestinian self-determination with the right to independent statehood. It did not however break relations with Egypt.

In late September it launched an initiative on the security of the Strait of Hormuz, much of which is in Omani waters, with the side aim of strengthening its links with its Gulf neighbours and Mr. Qais Zawawi, the Minister of State for Foreign Affairs, attended the meeting of conservative Gulf states in October 1979 at Taif.

But the Arab-Israeli conflict has a lower priority in the Government's thinking than what it sees as the Soviet threat in Western Asia and the Horn of Africa, and Sultan Qaboos's persistent warnings over the past few years to the Western countries and to other Arab states have at last met a firm response following the Soviet invasion of Afghanistan.

The greatest external threat Oman sees is from South Yemen, with which it does not have diplomatic relations and which keeps up a steady stream of radio propaganda against the "agent Qaboos" who it calls a

"British puppet." Despite the occasional token initiative towards reconciliation the Aden government still backs the Popular Front for the Liberation of Oman, which sent an important mission to Moscow in the middle of last year.

Seeing the fast buildup of both the South Yemeni and the Russian forces at Aden—now brazenly a Soviet base—all South Yemen's near neighbours have reason to be alarmed.

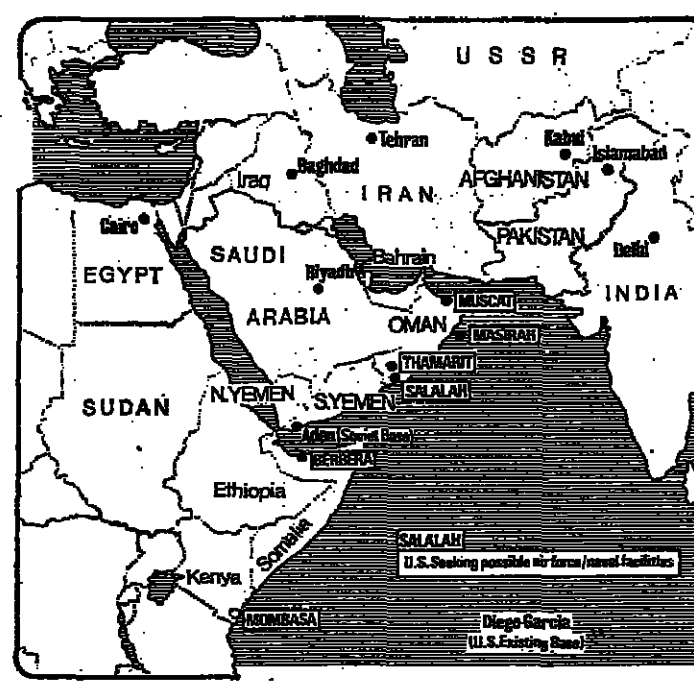
But it is acknowledged in Muscat that South Yemen's pre-occupations are primarily with North Yemen, which it attacked early last year, while there are plenty of domestic feuds within the Marxist government in Aden. The logistical difficulties of a South Yemeni invasion of Oman by land are immense—Muscat is 1,200 miles of desert and—mountain from Aden—and it seems unlikely that an invasion would be attempted without an invitation from a strong group or even a revolutionary government inside Oman. Hence the warnings to Sultan Qaboos from his friends not to ignore potential internal threats.

The other area of great possible danger is the Strait of Hormuz, the waterway partly in Omani territorial waters at the entrance to the Gulf which at its narrowest is 24 miles wide and through which about two-thirds of the West's oil imports pass.

## Terrorists' claims

From the departure of the British from the Gulf in 1971 to the Iranian revolution in 1979 the strait was guarded by Iran. Now Oman, with only a few fast patrol boats in its navy and just a company of the Muscat regiment at Khasab on the rugged Masandam peninsula, has the responsibility of guarding the straits, but without the minesweepers essential to make a proper job of it. For probably the most dangerous threat is of terrorists laying mines there, or claiming that they have done so.

However remote such a possibility may be—there are plenty of more tempting and more accessible terrorist targets in the world—it is clear both to the oil exporters of the Gulf and to the Western oil consumers that the Strait ought to be made more secure. Oman's attitude to this issue may be dictated partly by its broadly pro-



Western posture, since its own oil does not pass through the Strait.

Last year Oman had the navigation channel through the Strait moved further away from its coast and started work on a small naval facility at Goat Island from which the Strait can be better surveyed and patrolled. In September it approached all the Gulf states, including Iraq, Iran and Saudi Arabia, and the main Western countries with a proposal that the Gulf states should largely pay for and the Western countries supply a force of minesweepers and some other equipment for the Omani navy to patrol the Strait more effectively.

But logical as the idea seemed, it virtually foundered at the outset. Iraq, approached first, perhaps because its participation would have been essential to any scheme, was put off by the suddenness of the proposal, the shift of Western involvement and its reluctance to put the defence of its trade in the hands of Oman. So it publicly condemned the plan, which made it much less easy for other states to accept it.

But nearly five months after the initial near-fiasco the idea still appears to be alive, with Iraq still involved in discussions. It seems possible that some kind of force will be created for the Strait but it is perhaps less likely to be solely an Omani force. And it will take some

time to reach any agreement, let alone implement it.

One continuing failure of Oman's foreign policy has been that it has not yet established as good relations as it needs with the United Arab Emirates, the loosely-governed federation of sheikhdoms on Oman's north-western border whose boundaries are intertwined with those of the Sultanate.

Actual confrontations with the UAE have centred on a variety of border disputes of ancient and obscure origin con-

cerning Abu Dhabi, Fujairah, Dubai and Ras al Khaimah: in early 1978 the Sultanate rushed troops up to the Abu Dhabi border, and on a spectacularly high ridge in Masandam there is still a line of Omani military posts facing those of Ras al Khaimah. Fortunately, a succession of missions in the past six months have gone a long way to neutralising these various disputes and allowing the mechanism for settling them to proceed.

## Border disputes

But the border disputes probably mask the real problems of relations with the UAE. The federation's riches make it a drain on Omani manpower, both civil and military, with particularly serious effects for the Omani armed forces and the police: while because of its loose internal security and immigration controls, and the complex border with Oman, the UAE unwittingly provides a potential backdoor into the Sultanate for subversives, undermining the tight security at other entry points.

These intractable issues have not been properly settled, even though the Omani establishment has good personal relations with some of the ruling families of the UAE and Abu Dhabi gives Oman considerable financial aid. So far Oman has not opened a diplomatic mission in Abu Dhabi, though it has a consulate in Dubai.

Oman moved some way towards the U.S. out of uncertainty about British policy towards the Sultanate in early 1979. Initially cautious, the U.S. would now like to use Omani military facilities in an emergency, possibly as part of an operation whereby U.S. troops flew into the area to meet heavy equipment arriving by sea so as to stand by for action in a neighbouring country.

Its base at Diego Garcia in the Indian Ocean is too far away from the west Asian mainland, and the U.S. is also looking for facilities in Somalia and Kenya. The next stage is for the U.S. to send a mission with the task of assessing the potential of Omani facilities in detail. Those under consideration are the airfields at Salalah and Thumrait in Dhofar, Masirah Island and Seeb near Muscat, adjacent to the main military base at Muskar al Murtafa. The latter two would be most suitable, though Masirah has in terms of remoteness and privacy it lacks in terms of facilities. It has only a fishing harbour and the airfield has no radar. Up till now the only U.S. military involvement has been the occasional visit by a U.S. Navy F3 Orion reconnaissance aircraft to Muscat.

The election of the Conservative Government in Britain may have marginally improved its relations with Oman, where the UK has its important military involvement. Britain

now seems prepared to supply Oman with much of the military equipment it wants and to maintain its assistance programme.

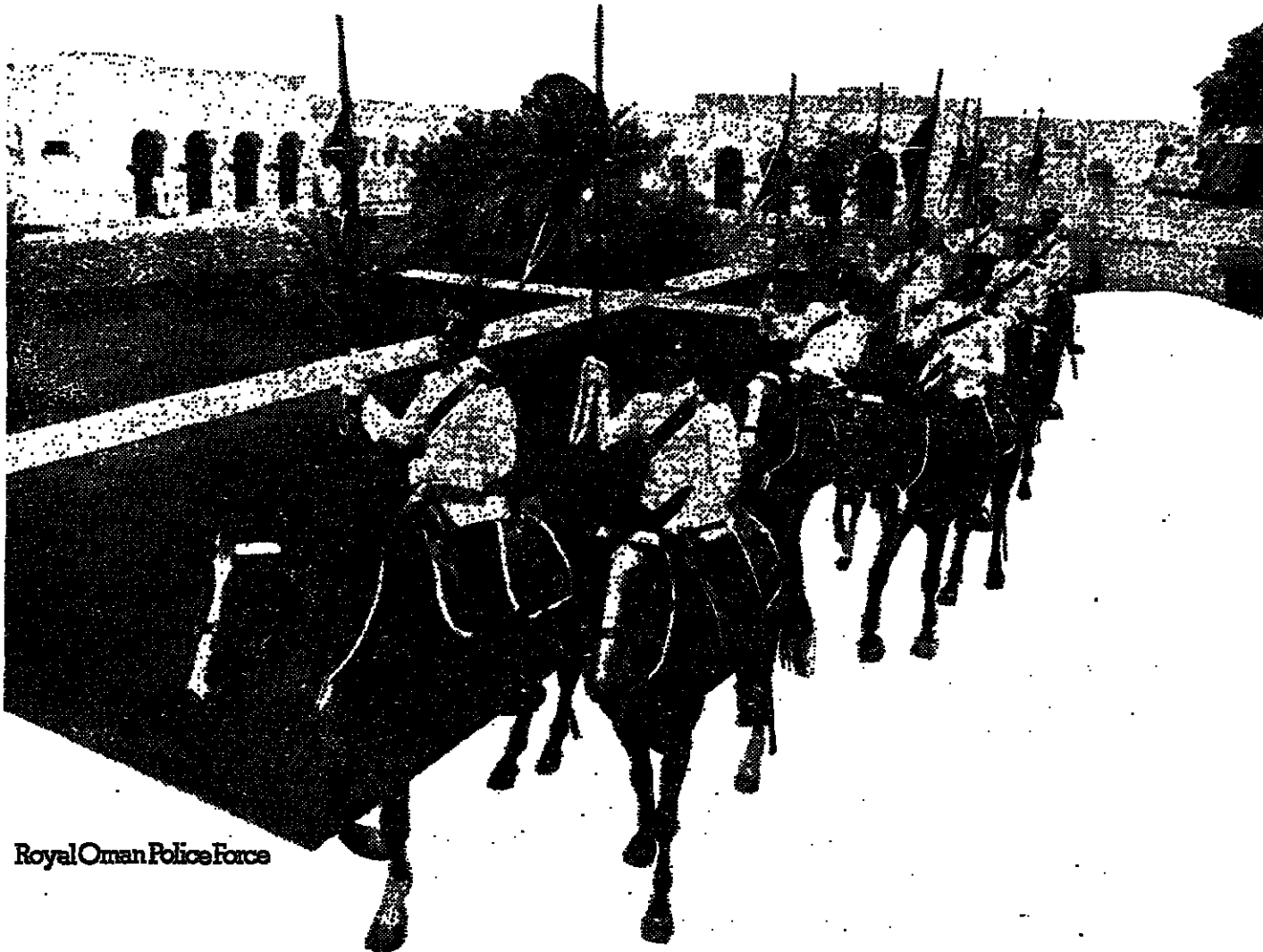
The root of the British dilemma, which Conservative Ministers feel little less than their Labour predecessors, is that Britain's heavy involvement is not matched by comparable influence over events, while it fears there may be confusion in Omani minds between the role of the British Embassy and that of British expatriate advisers working for the Sultan.

Anxiety about Oman and in particular the Sultan's internal position—justified or not—reached a peak last spring after the fall of the Shah, and at the time of the Queen's visit to the Sultanate, Omani feathers, always sensitive, were badly ruffled. But the British Ministers had to face the fact that the only real way they could influence Sultan Qaboos was by reducing their military support, which might well have exactly the result they wanted to avoid—gravely endangering the regime.

The new anxiety over Afghanistan has not totally blinded the British Government to Oman's potential weaknesses, though one cause of disagreement—Oman's involvement in supplying Rhodesia with arms and other materials in breach of sanctions—has ended with the removal of sanctions.

J.B.

# The strategic importance of Dhofar Province



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THE SOUTHERN Province of Dhofar has few cultural ties and only recent historic links with the rest of the Sultanate of Oman. Climatically and ethnically it is different. Geographically, it is separated from the north by desert tracts. Yet, Dhofar is vitally important because it is the province directly adjoining the People's Democratic Republic of Yemen (PDY), the only Marxist state in the Arab world.

A firm believer in the domino theory, Sultan Qaboos bin Said is chiefly pre-occupied with what he sees as "the advance of Communism." Soviet domination of South Yemen and the prospect of Soviet or Cuban-backed insurgency in Dhofar is of overriding concern. If Oman falls to the Communists, so will the rest of the Arabian Peninsula, he maintains.

The Dhofar War ended in December, 1975. But the Sultanate is taking no risks. It was the PDY that provided a refuge and military support for Dhofari rebels for much of the 12-year struggle against Sultanate rule. Today, the PDY's armed forces are equipped and advised and its airforce trained by the Soviet Union; its intelligence services are run by the East Germans; and there are 12,000 Russians and Cubans in the country.

The visit of a Soviet aircraft carrier to South Yemen waters in 1979 was an ominous reminder that Aden could become a fully-fledged Soviet naval base. And the recent Soviet-PDY Friendship Treaty will only have confirmed the Omanis in their view that the Russians will use every opportunity to increase their military presence in South Yemen.

## Greater threat

So, the Omani Government is not unduly concerned at the presence of some 40 rebels in Eastern Dhofar now cut off from their external base in South Yemen. None the less, occasional incidents have led to the deaths of a New Zealand contract officer last year and of five British engineers in 1978. The greater threat lies in the possibility of a Soviet-backed infantry thrust across the border with armour and air support, using the excuse of helping Popular Front for the Liberation of Oman (PFLO) supporters. The presence of PFLO training camps with Cuban advisers in South Yemen (at Hauf, Al Gheiba and Mukalla), and the alleged success, last spring, of Abdul Aziz Qadi, the PFLO's chairman, in extracting promises of material support from Moscow add to the Sultanate's anxiety.

Militarily, no expense has been spared in bolstering the Sultanate's British-directed deterrent against this external threat. The lion's share of the Government's high rate of defence spending—31 per cent of the 1979 budget, compared with 40 per cent of budgeted Government spending in 1978—goes to Dhofar.

Southern Oman Brigade, comprising some 6,300 men of the 16,000-strong armed forces, serves in Dhofar under the command of an Omani Brigadier: five infantry battalions (two Omani and three Pakistani Baluch), an armoured car squadron, a regiment of artillery, engineering and signals units. And while Saudi Arabia last year earmarked \$100m for weapons including American TOW missiles, the Sultanate

wants more anti-tank, anti-aircraft and infantry equipment—as opposed to expensive tanks—to enhance its defensive capability.

Arguably, just as important is the 3,000-strong irregular Firqat force. After the 1970 bloodless coup against the despotic Sultan Sid bin Taimur, the civil reforms undertaken by his son and successor, Sultan Qaboos, are said to have eliminated many of the grievances that led the Jebeli hill people (living north of the capital of Dhofar, Salalah) to rebel. As a result, the rebel movement suffered reversals; many defectors from South Yemen's regular forces, together with former Dhofari rebels and local recruits, joined the counter-guerrilla Firqat, set up and trained by the British.

Today, operating in "tribal groups," 22 Firqats, each with up to 100 men, are used by the Sultan of Oman's Land Forces (SOLF) for raiding and advice on enemy movements. Armed and paid handsomely by the Government, and under the command of Dhofar Brigade, the Firqats are otherwise controlled by the Wali of Dhofar, Hail bin Sa'ud bin Harb. And this is the key. As during the rebellion, the Dhofar counter-insurgency campaign is as much political as military, depending for success on winning the allegiance of the local population.

## Surrender

An essential aspect of winning the hearts and minds of the 60,000 Dhofaris—and the surrender in July, 1979, of Said Ghassani, a PFLO founder-member personally accredited to Qadafi, was an important feather in the Government's cap—has been the intensive Civil Aid Programme. Although the Five Year Plan earmarked a massive RO 68.3m for this, there have been difficulties over spending. In 1978, only RO 2.5m of the OR 14.5m allocated for Dhofar development was spent. This does not detract from the Civil Aid Department's achievements which have catapulted the province into the twentieth century.

Since 1975, over 59 wells have been drilled; there are 31 schools outside Salalah; and the Ministry of Health runs a Flying and Road Doctor Service, regularly visiting most of the 47 civil aid centres. Other development now under construction or due to begin shortly includes a road network, designed by Sir William Halcrow and Partners, linking the Jebel villages, and the 800 km Niwza

Thumrait road by Consolidated Contractors International Company, at a cost of \$300m (both with Saudi financial help).

Within two years, Hochstef Contractors of West Germany will have converted Mina Rayat into an all-year port, capable of handling a million tons of cargo, annually. In addition, Salalah boasts an international airport, a Holiday Inn hotel, numerous banks and a daily air-service to Muscat, 700 miles away.

Politically, development has produced gains for the Government. It has deprived the PFLO of Dhofari support, boosting the Sultan's popularity in the process. And through the civil aid centres, it has brought the Government to the people, enabling the Sultanate to monitor the political climate in the Province and relay its policies.

But here is the rub. The provision of aid, particularly the Garzali beef-rearing project for the Jebalis and the provision of cheap outboard motors for the fishermen, has arrested the flow of Jebali, Nejd nomads and coastal people to Salalah.

Signs are that Government handouts have pampered the Dhofaris—reducing their will to work and ending the traditional economy. The cattle-rearing Jebali who provide ghee (liquefied butter) and firewood to the coastal people in exchange for sardines for use as fodder now have less incentive to do so. With only 6,000 acres of cultivable land, the Province is far from self-sufficient.

Another problem is that with economic benefits and education the Dhofaris are on the increase. At the grass roots, the civil representatives, or mandoubis, elected by the villages, are merely responsible for bringing aid needs to the attention of the Civil Aid Department. And the 12-member Agricultural, Fisheries and Industries Council, created last May by the Sultan precisely to involve Omanis in administration, is unlikely to touch Dhofar's rural population.

Neither innovation increases political participation and the Sultan has no majlis or informal assembly to fall back on. Maintaining the loyalties of Dhofaris in the future will be more than a continuing drain on the economy; it will require a safety-valve to satisfy political aspirations as well.

This suggests that recent oil finds in Dhofar by Petroleum Development Oman (PDO) may

be a mixed blessing. With Dhofar's recoverable oil reserves, now put at over 300m barrels, development of Bisha, Bahari and Marmul fields has begun. When production from these oilfields is combined with that of Amal and three others—Rahab, Jalmoud and Rumbh—in 1981, Dhofar will produce around 100,000 b/d, bringing Oman's total production up to 350,000 b/d.

Other contracts for the construction of facilities are now being awarded so that production can start in 1980.

Undoubtedly, growing economic activity in the Province will expose Dhofaris to more unsettling outside influences and will further fuel their expectations. Equally, Omanis elsewhere will become increasingly resentful over the province receiving more than its share of the development cake.

Yet, Dhofar has become more than the Sultan's personal fief and summer retreat and more than the frontline against the Communist threat. It is now vital to Oman's economic health as well. Its oil production will offset the decline in production in northern Oman; and provided military spending does not increase and political stability is maintained, the balance of payments could move into surplus in the 1980s.

Most importantly, Dhofar's oil will buy the Sultanate more time to strike a better balance between defence and development spending, to spread development more evenly and to devolve a degree of political participation to Omanis before oil revenues begin to decline.

## Crucial question

Whether the Sultan will use this breathing space is the crucial question. For the moment, the Soviet invasion of Afghanistan has given more credibility to the Sultan's fears of Soviet-supported insurgency against Oman and re-inforced his hand in his request for military aid from the West and China—with whom diplomatic relations began in 1978.

In granting the Americans temporary use of Masirah airfield facilities, or perhaps Thumrait airbase in Dhofar, the Sultan would be the only Gulf ruler to co-operate, at least publicly, with Washington. In doing so, his regime might become more vulnerable to the anti-Americans mood in the region.

As he did during the Dhofar War, the Sultan would be wise to combine his more than adequate counter to the South Yemeni threat with greater attention to rising economic and political aspirations at home—and those former members of the Dhofar Liberation Front among his advisers can be expected to tell him so.

If he does not, and if he ignores the need for greater integration with the Arab world, extremists might once again find fertile ground for insurgency, particularly in Dhofar where rapid development has produced the problems already mentioned, making the threat from South Yemen more real than it is today.

Valerie York

The writer, who is a research associate at the Royal Institute of International Affairs, is the author of "The Gulf in the 1980s," due to be published by Chatham House, next month.



# The police: a structural problem

BY IAN DAVIDSON

IN RECENT MONTHS, the British police system has become increasingly a target of public controversy, and the intensity of the controversy has grown with every passing week. The controversy embraces four—or, as I think, five—distinct chapter headings: taken together, however, they suggest that there may be structural problems embedded in our police system which need looking at afresh.

The four main chapter headings are: the deaths which have taken place in police custody; the corruption in the Metropolitan Police force, which is being investigated by Operation Countryman under Mr. Leonard Burt, from Dorset; the relations of the police with blacks and other coloured people; and the alleged failure of the new police complaints system set up under the 1976 Police Act.

## Endorsement

But it is the fifth chapter which may be the most interesting, since it would appear to be a tell-tale of the generalised problem of which the other four chapters are only particular manifestations. This is the loquacity, which seems to have infected a growing number of chief constables ever since Sir Robert Mark set them the example, and which takes the form of rival appeals to the public, via the media, for an endorsement of different, even conflicting, interpretations of the role and tasks of the police in our society. The Police Federation has shown a tendency to react with stridency to any suggestion that anything may be amiss, when it cannot possibly be certain that all is right, and where, as *prima facie* signs that some things may not be right. But it is their stridency

which, taken with the controversy between chief constables, suggests that there may be something, or some things, wrong with the system as a system.

Quite a few people were surprised when it emerged that 245 deaths occurred in police custody in the ten years to 1979, and more were surprised when the Home Office declined to give the names of those who had died because it would cost too much—though subsequently it changed its mind on this point. These figures were elicited as a result of concern about one particular death, that of Mr. James Kelly, after his arrest by the Merseyside Police; and now the newly formed Home Affairs Select Committee of the House of Commons is to hold an enquiry into the general pattern of deaths in police custody.

It was Sir Robert Mark's firm view that the right way to deal with "bent copper" was to discipline them internally or throw them out of the force, and he secured the resignation of a large number of policemen during his tenure as Metropolitan Commissioner. Many people believed therefore that he had "cleaned up" the Met. But subsequent events, culminating in Operation Countryman, seemed to indicate either that corruption was much more deeply embedded in certain parts of the Met. than he had known, or else that the system generates strong if not irresistible pressures towards corruption. The extent of corruption cannot be publicly known until Mr. Burt, the chief constable in charge of the operations, has completed his task, and even then we shall only know about those cases which the Director of Public Prosecutions has felt able to bring to trial. But there are two pointers to the scale of the problem: the size of the Countryman operation, and the fact that Mr. Burt



Sir Robert Mark

has been forced, by the solidarity between police officers, to depend heavily on information from criminals. This latter element must inhibit the success of Countryman, since the DPP believes that juries are reluctant to convict policemen on the evidence of criminals.

One must, of course, expect that some policemen will be tempted by the opportunities offered by their dealings with the underworld. I know some one who claims to have got a relative off a life sentence charge by paying money to the police. The question which needs to be answered is whether this is a case of a few rotten apples in an excellent crop, or a more serious systemic problem.

## Reappraisal

Some people would also argue that the role of the DPP is also ripe for serious reappraisal. This may appear to be a quite separate question from that of the police system, but it isn't really. Most prosecutions are handled by the police, with the

DPP dealing only with the most serious cases. Inevitably, this gives the police a great deal of discretion in deciding whether or not to prosecute, and on what charge. It is at least arguable that this gives them too much power, and that the system could be more usefully spent—given their complaints of under-manning—on more normal police duties. And the greater risk of corrupt relations between police and criminals, the greater the risk that the discretionary power will be misused.

The problem of police relations with blacks and other coloured people has for some time been a contentious issue; black communities and their leaders believe that the police pick on them and they point to the, by now, notorious use of "sus" under the 1964 Vagrancy Act ("being a suspicious person...")—a charge which is logically impossible either to prove or disprove, which requires only the word of two police officers, and which is not eligible for trial by jury. They also claim that the mobile Special Patrol Group is used to harass and intimidate. Scotland Yard says that (white) old ladies are grateful for the protection they think is afforded by the SPG, but there is also testimony from police officers, at the top as well as at the bottom, that aggressive, invasion-type policing ruins any attempts to build bridges with ethnic minorities.

At the end of 1979, the Home Office published one of its research bulletins, which was mainly devoted to the subject of race, crime and arrests. This bulletin, which is the first of its kind, shows that for blacks in London was far higher than could have been predicted from their proportion of the population. In the case of petty street thefts, the arrest ratio was 15 times higher than for whites. (For reasons which are not made clear, the study does

not reveal whether or to what extent this disproportion was subsequently affected by the conviction rate.) The authors imply that one possible factor, apart from black unemployment, and apart from any black propensity to crime, may be discrimination on the part of the police.

Any normal person would regard this as an obvious hypothesis on a priori grounds; we know from common observation that racial prejudice is widespread in the British population, and there is no reason to suppose that the police are any different. But Scotland Yard is deeply disturbed, even by the tentative suggestion of the Home Office study, disputes the statistical basis of the findings, and is drawing up a counter-memorandum on the subject.

But the most interesting thing about the Home Office study is not what it says about race, crime and arrests—which may be suggestive but is far from conclusive—but what it says about relations between the Home Office and the Met., on the one hand, and between the Home Office and the black community on the other.

## Results

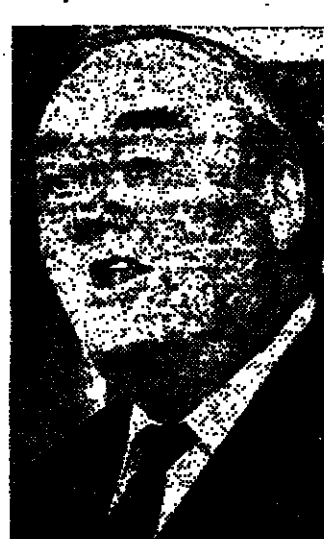
The statistics in the study are based on the year 1975; not because those are the most recent, but because the researcher spent two years rewriting their results in such a way as to ally the statistics of the high-ups in the Home Office who were at least as afraid of antagonising the black community as of antagonising the Met. The study was published just before Christmas in a manner calculated to attract the minimum of public attention. Most people, I suppose, believe that the Home Office (that most secretive of departments) is in

some sense in charge of the police, and I have heard responsible civil servants from other Whitehall departments describe the Home Office as "fascist"—and I do not mean any correlation between these two perceptions. Yet in practice it is clear that the Home Office is not in any effective sense in charge of the police, regardless of its ultimate responsibilities, and it is my impression that the primary characteristics of the department in dealing with this kind of hot potato is that of fear.

Until 1976 complaints against the police were handled entirely by the police. In that year an independent Police Complaints Board was set up; this is widely believed to be one of the reasons for the resignation of Sir Robert Mark. It is hard to understand police hostility to a change which has turned out to be negative in practice. Investigations into complaints against the police are still conducted by the police. The Complaints Board sees the dossier but cannot make any independent investigation. Its latest report, for 1978, shows that nearly 12,000 complaints were made, that 59 charges were preferred by the police, and 11 disciplinary charges were recommended by the Board.

I have seen most of the complaints file from one community relations office in one London borough. The cases fall into three categories: no answer yet from the police; the police say the complaint has not been substantiated; and the police say the complainant has "unreservedly" withdrawn his complaint. No file concluded with a reasoned answer to the complaint, let alone any expression of regret for yet another breakdown in good relations between the public and the police.

No hard conclusion is yet possible. The Board would say that a soft approach has been necessary to win police con-



Mr. William Whitelaw

dence and that it has noticed a changed response in some forces. But if one accepts that racial prejudice is widespread in Britain, it is slightly surprising to read, in the Home Office study, that no complaint of racial discrimination was upheld by the Metropolitan complaints procedure in the six years 1973-78. The inference of spotless police morality is interesting against the background of Operation Countryman.

The point about the controversy between chief constables is that the police are increasingly swamped by the multiplicity of tasks they are supposed to undertake: crime prevention and detection, the guarding of diplomats, the supervision of demonstrations and football crowds, the manning of court rooms, the prosaic local beat. Everyone knows about the soaring crime rate, and while it is possible to explain a good deal of this away on the basis of better reporting (since only

about a tenth of all crimes are reported to the police), the explanation does not solve the police problem: there are many more reported crimes for them to deal with, and their work load becomes yearly more unmanageable.

By one of those traditional bits of British muddle, it is accepted that the police are independent in deciding police policy, out of a traditional fear that the police could become the tool of the State or of party political government. In practice the police cannot solve the problem; they are faced with, in a society which is increasingly disrespectful of all forms of authority, and in which public notions of mores are no longer homogeneous. This is why we find, at one extreme, Mr. John Alderson, Chief Constable of Devon and Cornwall, advocating preventive community policing and social engineering; at the other, hard-headed men like Mr. James Anderton of Manchester, pushing a hawkish line. We should sympathise with the dilemma of the police in facing a riddle which they are wholly unequipped to solve; and yet the best that Mr. William Whitelaw, the Home Secretary, can offer is the statement: "I believe the chief constables to be independent."

## Accountability

The key word is accountability. The police would be a lot better off if some routine tasks, like traffic control and court ushering, were taken out of their hands. But they, and we, would be even better off if Parliament were to decide that the cruel choices facing every one of our 43 independent police forces required some democratic debate and some democratic accountability.

## Letters to the Editor

### Panic in the pipeline?

From Mr. A. Brathwaite, Kurt Salmon Associates

Sir,—Your article "More good news for manufacturers" (January 24) deserves qualification if it is to apply to the clothing industry.

We see retailers cutting back their orders to apparel manufacturers, often by as much as 25 per cent. In response, we see manufacturers reducing capacity, often in ways which will make it difficult to restore it when business picks up. There are also clear signs that this is leading to cutbacks in textile capacity. At the same time, we note from a recent study that apparel consumption is likely to be maintained this year.

Reduced capacity and lower output, when coupled to stable consumption, will create a supply gap in the coming months. This will inevitably lead to a further rise in imports; another twist in the downward spiral of our home manufacturing industry.

Panic in the pipeline can be averted only if manufacturers keep their heads. Those with strong brands, who produce for the consumer, sell with confidence in the collection and use the retailer as an efficient distributor rather than as only a customer, have a better chance of maintaining performance through the coming recession. They should make the most of it by applying their confidence in their product to boosting retailers' confidence in the future.

Other manufacturers can help by also adopting a total marketing approach. Just having a brand is not enough. They need to develop products that consumers want rather than need and to sell through, rather than to, the retailer.

If the manufacturing sector takes the right action, good news may well materialise in this sector also. If not, the good news will be for our competitors in the EEC and elsewhere.

Alan Brathwaite, 60, Stamford New Road, Altrincham, Cheshire.

### The correct gas price

From the News Editor, Electrical Times

Sir,—Samuel Brittan (The price of gas—and of hot air, January 24) quotes John Riffen's statement that the "correct" gas price is that which would prevail if the gas industry consisted of a multitude of small firms each charging what it could get.

That surely would mean tariffs being set with an eye to what the local electricity utilities were charging since these would represent the main, if not only, source of competition.

The Government, however, has "stepped" the market by preventing both gas and electricity industries from "charging what they can get" and instead set them targets formed in the light of what it thinks they ought to be able to get while taking its own political objectives into account.

To quote Sir Denis Rooke, "We believe that the real price of each form of energy should reflect its real costs and their future increase as far as we know this, rather than any

artificial principle, such as alignment with other fuels on a thermal parity basis. Indeed to base all energy prices on such a principle would be to destroy competition and to encourage inefficiency."

Terry Burr, Dorset House, Stamford St, SE1

### An economic viewpoint

From Mr. J. Burns

Sir,—I think we can deduce from Samuel Brittan's "Economic Viewpoint" (January 24) that his income has risen "roughly in line with inflation" or he doesn't use gas.

For those of us not in the favoured position of "most people" personally I am 10 per cent short of rising in line—the increases are another blow on top of mortgage, petrol, rates and other rises.

For those of us who were quick off the mark and did our homework before choosing gas the new tax is an insult as well as a bitter imposition.

We are entitled to our "uproar" and Mr. Brittan should be more careful in his assumptions about people's earnings. I suggest a few weeks in British industry would help J. E. Burns.

22, Pingate Lane, Cheadle Hulme, Cheshire.

### Unpaid bills

From the Managing Director, Whitland Engineering

Sir,—Mr. Stern (January 18) draws attention to unpaid bills—a major problem of most small businesses. I understand legislation has existed for years in some European countries but in the past the CBI has been unwilling to support such a move here, pointing out that the remedy is available to all in their terms of contract, a fallacy of course, as Mr. Stern has rightly pointed out.

Maybe the attitude towards small companies is changing due to the efforts of breakaway groups from the CBI such as the Union of Independent Companies. It is even conceivable that the small firms council of the CBI would support such legislation, but the rate must be "at least" 2-3 per cent above the minimum lending rate (as is currently charged by some large companies and local authorities) since the object of the legislation would be to keep money circulating in the hands of the rightful owners and not to provide an alternative source of compulsory lending.

W. H. Whitland, Torrington Lane, Bideford, North Devon.

### A voice for small firms

From the Chairman, P. Ormiston and Sons

Sir,—Once again (January 18) the CBI is attempting to convince us that it is the patron of small businesses. "The greater part of the membership of the CBI consists of firms of modest or very modest size," says Mr. Edward James, deputy director general of the CBI. Such a declaration you might think indicates that small firms exercise a great influence

within the committees of the CBI. But this is not so. Despite the fact that they comprise the majority of the membership the representation of small firms is limited to 10 per cent on the main committees and 25 per cent on regional councils.

The small firms council although it purports to serve independent companies is itself deprived of independence because its decisions have to be vetted by the general council 90 per cent of whose membership is drawn from the nationalised industries and big public companies. This is a constant source of embarrassment to officials as well as the members of the CBI.

Mr. James complains that "the message seems very slow in getting through." Has it occurred to him that that could be due to the fact that the message is rather unconvincing. Perhaps when the CBI is able to attract individual small firms in substantial numbers rather than recruit them through trade associations it will present a more convincing image.

At present the CBI attempts to represent the nationalised industries, the big public companies and small firms. It has demonstrated quite clearly which group gets the major say in its affairs by the allocation of seats on its committees. John Ormiston, Broughton Road, W13.

### Joining the CBI

From the Deputy Director, General Confederation of British Industry

Sir,—Your diast, Observer, informed your readers (January 22) that he is eager to bring them even deeper insights into the workings of the business and financial world. I am bound to say that in his item headed "Mystery member" he utterly failed in this laudable aim.

First he spoke of "the strangely unpublicised" decision of the Stock Exchange council to join the CBI. In fact its membership was given exactly the same publicity as is given to any other new membership. Is there any reason why it should be given more? It was sufficient to bring its membership to the attention of the Financial Times.

Then Observer found it necessary to ask what the Stock Exchange hoped to gain from membership of the CBI and apparently could not understand the answer. The answer really should be so obvious as to make the question unnecessary. The main purpose of the CBI is to work for increased prosperity for British industry and commerce through free enterprise and the market economy, doing this to the ultimate benefit of the nation at large. Is not the future of stockbroking wholly dependent on the continuance of the system of free enterprise and the market economy, and its prosperity indissolubly linked to that of industry and commerce? And do not these provide the soundest possible reasons for the Stock Exchange to give the CBI its active support?

The Stock Exchange is in company with numerous other organisations which have "accession" membership of the CBI, and pays a subscription at a rate which entitles it to a seat

on the council, where it is able to contribute its immense experience and expertise to the deliberations of the CBI. The mutual benefit to the CBI and to the Stock Exchange is evident.

I hope I have said enough to make clear that we are not at all nonplussed as to the reasons why the Stock Exchange joined the CBI. It rather looks as if it was Observer who was a bit short on the pluses on this occasion.

Edward James, 21 Toffell Street, SW1.

### Confusing names

From Mr. D. Buckingham, Toplis and Harding

Sir,—In Men and Matters (January 18) you referred to Toplis and Harding (Middle East), "Toplis and Harding" and "T and H" in a way which could cause confusion.

Toplis and Harding is a professional partnership of loss adjusters established since 1790, and with associated partnerships and companies throughout the world. The firm continues as a wholly independent entity and is in no way connected with the Foreign Office or any other Government department.

The only company with which this firm has been involved and which has been taken over by the Foreign Office is Toplis and Harding (Middle East). It was founded after Surin de Saques transferred the assets of British nationals in Egypt, but the returns were disappointing and after some years it became necessary to protect the needs of the residual clients. This was a particular case and in no way affected the full independence of Toplis and Harding or any other member of the group. D. R. Buckingham, 10 Arthur Street, EC4.

### Planning for posts

From the Managing Director, Posts, Post Office

Sir,—I am happy to agree with Julian Blackwell (January 18) on at least two points on the state of postal services for the 1980s. He says that research should precede decisions; agreed: and that Posts and its larger customers should assist each other in their planning; also agreed. To have reached a meeting of minds on these things is encouraging.

But his implied assumption that Posts does not do any market research is totally incorrect. We do not introduce changes without the necessary ground-work and research. I have no intention of introducing ill-prepared changes and have said so. He is also wrong to suggest that his group has not had opportunity to contribute to research into customer needs. As a former chairman of the Mail Users' Association, he must be aware of our invitation to the MUA to participate in regular surveys of the views of their members about postal services and attitudes to possible service changes, as a basis for a more informed dialogue. Unlike other customer associations, the MUA did not choose to take part in this exercise. Denis E. Roberts, Postal HQ Building, St. Martin's Le Grand, EC1.

## Today's Events

### GENERAL

UK: Wales TUC calls one-day general strike in coal, transport and steel industries in protest against coal imports and BSC's redundancy plans.

Water workers pay talks resume.

Northern Ireland constitutional talks resume, Stormont Castle.

Mr. Roy Jenkins, European Commission president, speaks at "What the Papers Say" awards lunch, London.

Mr. Helmut Sonnenfeldt, of the Brookings Institution, Washington, speaks on superpower relations in the 1980s, at Commonwealth Institute.

### PARLIAMENTARY BUSINESS

House of Commons: Debate on East-West relations and the crisis in South West Asia.

House of Lords: Police Negotiating Board Bill, report. Representation of the People Bill, third reading. Protection of Trading Interests Bill, second reading.

Select Committees: Home Affairs. Subject: public order. Witnesses: Home Office. Room 8, 4.30 pm. Treasury and Civil Service. Subject: Efficiency in

the Civil Service. Witnesses: Mr. Paul Channon, Minister for the Civil Service. Room 15, 4.45 pm.

COMPANY MEETINGS

See Financial Diary on Page 18.

COMPANY RESULTS

Final dividends: Braid Group, Brentall Beard Holdings. Interim dividends: Ashley Industrial Trust, Cantors, Country and New Town Properties, Ellis and Everard, The Midland Trust, Neespend, Stirling Kitting Group.

LUNCHTIME MUSIC, London

BBC concert, St. John's, Smith Square, Westminster.

# LET US EXPAND ON THE BUSINESS ADVANTAGES OF WALES.

Wales is well placed to help the company looking to expand. It's an assisted area close to the major markets of London, the South East, the Midlands and continental Europe.

Which means that incoming and expanding industry may qualify for useful Government help.

The Welsh Development Agency has sites in many areas

where you can build a factory or we may be able to provide one. We are currently building factories from

1500sq.ft. to 50,000sq.ft. Many of them allow for at least 100% expansion.

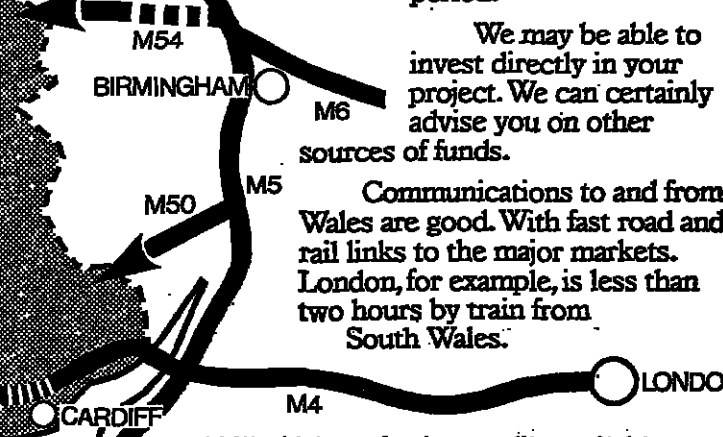
Factory rents in Wales are attractive. In some areas they could be about half what you might pay in London or the South East. You may qualify for a rent-free period.

We may be able to invest directly in your project. We can certainly advise you on other sources of funds.

Communications to and from Wales are good. With fast road and rail links to the major markets. London, for example, is less than two hours by train from South Wales.

Skilled labour is also readily available much of which has experience in high technology industry.

Once you count the advantages of working and living in such a pleasant environment, they add up to a lot of reasons why you should consider Wales. Post the coupon and we'll tell you more.



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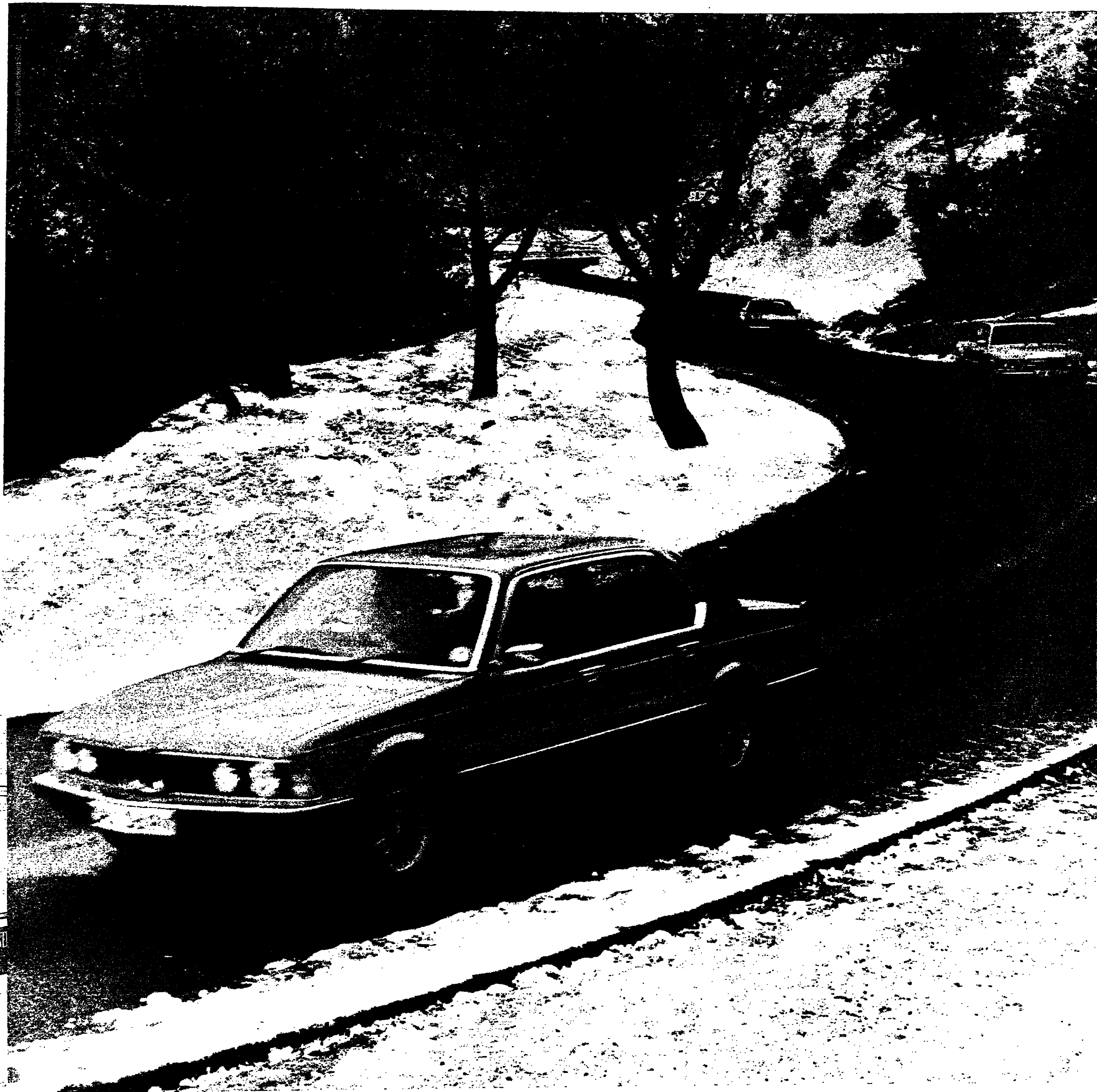
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The Welsh Development Agency has sites in many areas









# IT PASSES JAGUARS, MERCEDES AND PETROL PUMPS.

Followers of the BMW 7 Series (and its an easy car to find yourself following) won't believe this.

But we've found no less than 45 ways of improving it.

Cleverest of all, we've made the new BMW 7 Series faster and slower at the same time.

First, all the new BMW 7s have fuel injection.

So they are all faster than ever off the mark.

With a 0-60 mph in 7.3 seconds, the

manual 735i leaves the 12 cylinder Jaguar XJ 5.3 and Mercedes 350SE struggling to keep up.

And all the new BMW 7s are slower to the petrol pump.

Every gallon you buy squeezes a little more out of the nation's fuel resources.

*Motor* was able to get 18.5 mpg from the BMW 735i and only 11.9 mpg from the Jaguar XJ 5.3 and 13.5 mpg from the Mercedes 350SE.

(For the last two, of course, *Motor* had no choice but to use automatics.)

In part, the modest thirst of the BMW 7s is due to the fuel injection, in part because the cars are now lighter.

And, in the case of the 732i, in part because of the remarkable motronic system.

That's a micro-chip computer which can tune the ignition 100 times every second. (A slight improvement on tuning it every 10,000 miles!)

It means the car will always give of its best, whatever the conditions, however you drive it, and however long.

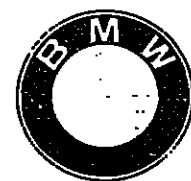
And that still leaves 43 other improvements to appreciate in the new 7 Series.

Some big, like the 5 speed gearbox that's now available.

Some small, like the heated door lock. Some thoughtful, like the specially designed dashboard.

But all very welcome changes.

Except to our friends at Jaguar and Mercedes.



**THE ULTIMATE DRIVING MACHINE**







57%	85%	Chubb.....	38%	21%	19%	Gen Tire.....	18
				8%		Genasco.....	4
7%		McInnelli MIL.....	25	80%	31	Genuine Parts.....	34
20%	18%	Glencore.....	33%	24%		Georgia Pac.....	39
		Globe Surface.....	15	53	37%	Guaranty.....	10
1%	1%	City Investg.....	17%	30%	37%	Gerber Prod.....	24
8	36%	Clark Equipment.....	33%	33%		Gertty Oil.....	32
7	17%	Cleve Cities Iron.....	5%	14%		Giddings Lewis.....	33
24%		Clifford.....	10%	30%		Gillette.....	10
		Cluett Peabody.....	9%	47%	14	Global Marine.....	45
5	53%	Cooca Coa.....	5%	22%	17	Goodrich (BF).....	11
77%		Cooca Bld. Inc.....	6%	1%		Goodrich (BF).....	12
		Columbia.....	13%	28%	12%	Goodrich (BF).....	12
		Columbia.....	13%	28%	12%	Goodrich (BF).....	12

[illegible]

87%	167	White Consolids	85%	177	118.5 GCF
9	478	White Motor	9	56.6	53 Crevco-Loire
17	17	Wacker	23	512	120.5 GCF
17	182	Wicks	15%	42	22.9 DUEL
864	1434	Williams Co	56%	981	507 Dumex
53%	255	Winn-Dixie Str	25%	356	216 Ferode
26%	134	Winn-Dixie	23	373	249 Gen Accidents
25%	225	Wiss-Elec Power	23	374	52 Metal
31%	191	Woolworth	24%	65.7	62 L'Oréal
69%	79	Woolworth	21%	18.9	1.85 Legrand
7%	4	Wyly	80%	805	50.8 MacKenzie Bull
68%	525	Xerox	55%	9,401	9.041
234	1414	Yellow Frt Sys	15%	154	1.266 Pen
68%	1414	Yellow Frt Sys	2,000	2,000	2,000

161	1.68	5.24ANZ Group	4.50	27.00	13.80East Drive
67.2	1.19	0.80Acropw Aust	1.00	66.50	27.75F8S Sedulo
53.0	1.25	1.00Aust Steel	2.00	6.00	2.00Dodge
39	1.23	0.61Ampul Pet	1.89	4.40	2.05Highveld Steel
945	2.56	1.70Aas Polp Pap	2.35	6.08	1.18Hulettis
53.0	0.88	1.00Amdimco	1.28	10.10	1.00Kalk
890	0.60	1.70Aust Steel	2.00	5.50	0.55Medbank
52.7	1.00	1.31Aust Guarant	1.42	13.75	6.90OC Bazzars
266.7	2.15	1.65Aust Nat Ind	2.16	3.83	1.45Pronia Hidge
690	0.97	1.00Aust Steel	2.00	3.80	1.31Ramat
1,951	1.74	1.00Bamb Creek	0.83	0.55	1.25Renias
53.0	1.36	1.66Bamb NSW	3.10	6.58	1.10Ruast Plat
9,850	1.75	0.91Blue Metal	1.25	5.50	1.55Sag
				2.95	1.30SA Brews

Jan. 25	Jan. 24	Jan. 23	Jan. 22	High	Low
				Imperial Trading Co.	954
				Wells	865
				Falls	644
				Unchanged	400
				New Highs	130
				New Lows	12
65.77	65.28	65.15	64.15	65.28	63.85
				(24/1/80)	(27/8)

1979-80					
Jan. 25	Jan. 24	Jan. 23	Jan. 22	High	Low
247.25	248.55	245.85	242.51	251.88	241/1/80
227.25	225.34	222.55	222.55	230.45	(27/1/80)
					215.19 (21/1/80)
					225.80 (2/7)

Industrial (1968)	458.5	488.1	468.9	(486.4)	476.9 (151/80)	270.50 (2/1)
SPAIN Madrid SE (38/12/79)	100.55	100.75	100.75	101.24	102.22 (181/80)	98.51 (15)
SWEDEN Jacobson & P. (1/1/68)	572.85	585.25	580.32	564.96	401.54 (5/8)	551.27 (5)
SWITZERLAND Swiss Bank Corp. (5/12/56)	507.40	507.5	506.5	506.7	525.10 (2/5)	554.00 (1)
WORLD Capital Intl. (1/1/78)	—	187.5	158.0	126.5	157.5 (34/1/80)	182.2 (1)

1979-80		Jan. 25	Price Krone	1978-79	
High	Low			High	Low
168.78	151.85	Andelenbank	158.76	168	Kaufhof
168.78	151.85	Banken Skandinav	158.76	167	RHD
159.5	135.75	Burm & Wain	158.76	165	Kali und Salz
169.5	177	Coop Handelsbank	119.75	80	Karstadt
243	204	Dukobank	119.75	80	Krupp
171	171	Finnische Bank	119.75	72.5	Linde
149	119.5	East Asiatic	188	231	MAN
166.35	132.5	Finnische Bank	154.5	175	Mannesmann
			188	218	Meredora Hys.
			188	218	Muenchberg

[illegible]

197.5	80.00	85.50HK Kwong Hon	71.00
199.5	14.50	50.00 HK Land	15.50
198	20.00	1.50 HK Shing Bik	20.60
261.5	34.00	80.50HK Telephone	53.75
196.5	9.65	3.25Hutchison Wps	9.20
157	17.40	30.00Jardine Math	17.20
195	1.15	1.00 New World Des	5.15
197	5.50	2.770's Sears Trust Bk	5.25
173	19.70	50.00SHK Props	19.60
274.5	9.70	7.55SHK	9.70
74.75	4.50	2.50Wheel'r Mard A	4.50

**Spanish prices, Page 14**

NOTES—Prices on this page are quoted on the individual exchange and are fast quoted prices. \* Due to issuer, x Ex dividend, x Ex issue, x Ex rights, x Ex all.



This announcement appears as a matter of record only.

# UNION DE BANQUES ARABES ET FRANÇAISES — U.B.A.F.

US \$ 65,000,000

Floating rate notes due 1990

CREDIT LYONNAIS

ARAB AFRICAN INTERNATIONAL BANK - CAIRO

ARAB BANK INVESTMENT COMPANY LIMITED

FIRST CHICAGO LIMITED

LIBYAN ARAB FOREIGN BANK

ABU DHABI INVESTMENT COMPANY

AMERICAN EXPRESS BANK INTERNATIONAL GROUP

BANKERS TRUST INTERNATIONAL LIMITED

BANQUE FRANÇAISE DU COMMERCE EXTERIEUR

CREDIT COMMERCIAL DE FRANCE

KUWAIT INTERNATIONAL INVESTMENT CO. S.A.K.

NOMURA EUROPE N.V.

SANWA BANK (UNDERWRITERS) LIMITED

SOCIETE GENERALE DE BANQUE S.A.

Al Ahli Bank of Kuwait (K.S.C.)  
Al Bahrain Arab African Bank (E.C.)  
Algemeine Bank Nederland N.V.  
Al Saudi Banque  
Arab Financial Consultants Company S.A.K.  
Bache Halsey Stuart Shields Incorporated  
Banca Commerciale Italiana  
Banca del Gottardo  
Banca di Roma  
Bank of America International Limited  
Bank Leu International Ltd.  
Banque Arabe et Internationale  
d'Investissement (B.A.I.I.)  
Banque Bruxelles Lambert S.A.  
Banque Intercontinentale Arabe  
Banque Internationale à Luxembourg S.A.  
Banque Louis-Dreyfus  
Banque Nationale de Paris  
Banque Privée de Gestion Financière  
Banque de l'Union Européenne  
Banque Worms  
Barclays Bank International Limited  
Bayerische Hypothek- und Wechsel-Bank  
Aktien-Gesellschaft  
Bayerische Landesbank Girozentrale

Bergan Bank  
Berliner Handels- und Frankfurter Bank  
Caisse Centrale des Banques Populaires  
Centrale Rabobank  
Citicorp International Group  
Crédit Agricole  
Crédit Chimique  
Crédit Industriel et Commercial  
Daichi Kangyo Bank Nederland N.V.  
Daiva Europe N.V.  
Richard Daus & Co. Bankiers  
Den Danske Bank at 1871 Aktieselskab  
Den norske Creditbank  
DG BANK Deutsche Genossenschaftsbank  
Dillon, Read Overseas Corporation  
Goldman Sachs International Corporation  
Gulf Ryad Bank E.C.  
Hamros Bank Limited  
Istituto Bancario San Paolo di Torino  
Kiddier, Peabody International Limited  
Kreditbank S.A. Luxembourgaise  
Kuwait Financial Centre S.A.K.  
Aktien-Gesellschaft  
Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)

Kuwait International Finance Co. "KIFCO"  
Lloyds Bank International Limited  
Manufacturers Hanover Limited  
Morgan Grenfell & Co. Limited  
National Bank of Abu Dhabi  
The Nikko Securities Co., (Europe) Ltd.  
Nippon Credit International (H.K.) Ltd.  
Nippon European Bank S.A.  
Norddeutsche Landesbank Girozentrale  
Salomon Brothers International  
Skandinaviska Enskilda Banken  
Smith Barney, Harris Upham & Co.  
Incorporated  
Société Centrale de Banque  
Sumitomo Finance International  
The Taiyō Kobe Bank (Luxembourg) S.A.  
Trade Development Bank London Branch  
UBAF-Arab Italian Bank  
UBAF Bank Limited  
Uban-Arab Japanese Finance Limited  
Union Bank of Finland Ltd.  
Union de Banques Arabes et Européennes S.A.  
UBAE  
Union Méditerranéenne de Banques  
Westdeutsche Landesbank Girozentrale  
Dean Witter Reynolds International

January 9, 1980

## WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mostly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interim or final. The sub-divisions shown below are based mainly on last year's timetable.

BOARD MEETINGS—	DIVIDEND & INTEREST PAYMENTS—
Al Ahli Bank of Kuwait (K.S.C.)	Al Ahli Bank of Kuwait (K.S.C.)
Al Bahrain Arab African Bank (E.C.)	Al Bahrain Arab African Bank (E.C.)
Algemeine Bank Nederland N.V.	Algemeine Bank Nederland N.V.
Al Saudi Banque	Al Saudi Banque
Arab Financial Consultants Company S.A.K.	Arab Financial Consultants Company S.A.K.
Bache Halsey Stuart Shields Incorporated	Bache Halsey Stuart Shields Incorporated
Banca Commerciale Italiana	Banca Commerciale Italiana
Banca del Gottardo	Banca del Gottardo
Banca di Roma	Banca di Roma
Bank of America International Limited	Bank of America International Limited
Bank Leu International Ltd.	Bank Leu International Ltd.
Banque Arabe et Internationale d'Investissement (B.A.I.I.)	Banque Arabe et Internationale d'Investissement (B.A.I.I.)
Banque Bruxelles Lambert S.A.	Banque Bruxelles Lambert S.A.
Banque Intercontinentale Arabe	Banque Intercontinentale Arabe
Banque Internationale à Luxembourg S.A.	Banque Internationale à Luxembourg S.A.
Banque Louis-Dreyfus	Banque Louis-Dreyfus
Banque Nationale de Paris	Banque Nationale de Paris
Banque Privée de Gestion Financière	Banque Privée de Gestion Financière
Banque de l'Union Européenne	Banque de l'Union Européenne
Banque Worms	Banque Worms
Barclays Bank International Limited	Barclays Bank International Limited
Bayerische Hypothek- und Wechsel-Bank Aktien-Gesellschaft	Bayerische Hypothek- und Wechsel-Bank Aktien-Gesellschaft
Bayerische Landesbank Girozentrale	Bayerische Landesbank Girozentrale

## BUSINESSMAN'S DIARY

### UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	HOTELMYPLA—International Hotel and Catering Exhibition (01-707 6707) (until Jan. 30)	Olympia
Current	British Toy and Hobby Fair (01-701 7127) (until Jan. 30)	Earls Court
Jan. 30-Feb. 1	Microsystems '80 Exhibition (01-261 8000)	Wembley Conference Centre
Feb. 2-7	International Spring Fair (Consumer Goods) (01-498 7324)	NEC, Birmingham
Feb. 4-7	INFEX—International Floorcoverings Exhibition (01-236 0913)	Hotel Metropole, Brighton
Feb. 6-8	Interflow '80—Fluid Handling Exhibition (01-680 7525)	Harrrogate
Feb. 8-9	Craft's Dog Show (01-498 7538)	Earls Court
Feb. 12-15	INFO 80—International Business Computing, Word Processing and Information Management Exhibition (01-647 1001)	Guards International, London
Feb. 17-21	International Men's and Boys' Wear Exhibition—IBWEX (01-705 6707)	Olympia
Feb. 18-21	European Information Management Exhibition and Conference (01-995 4906)	Wembley Conference Centre
Feb. 25-29	International Electrical Exhibition (0483 222888)	NEC, Birmingham
Feb. 25-29	International Instruments, Electronics and Automation Exhibition (01-705 6707)	NEC, Birmingham
Feb. 25-29	International Pneumatics and Hydraulics Exhibition, including Compressors and Power Transmission Equipment (01-705 6707)	NEC, Birmingham
Feb. 28-29	Drawing Office Show—DOHMA (01-242 3621)	Wembley Conference Centre

### OVERSEAS TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Jan. 25-Feb. 3	International Green Week (01-540 1101)	Berlin
Jan. 29-Feb. 1	Canada Farm Show	Toronto
Feb. 1-4	International Stationery Show—SIEPA (01-498 3964)	Paris
Feb. 1-10	International Boat Show	Vancouver
Feb. 2-5	International Textile and Fabrics Trade Fair—INTERTEX	Sydney
Feb. 2-5	International Men's and Boys' Wear Trade Show (01-439 3964)	Paris
Feb. 4-8	International Jewellery, Gold and Silver Exhibition—Jewelmax (01-580 5818)	Bahrain
Feb. 7-11	Men's Fashion Show—PITTI UOMO	Florence
Feb. 9-15	International Games and Toys Exhibition (01-439 3964)	Paris
Feb. 11-14	Israeli Fashion Week (01-897 8060)	Tel Aviv
Feb. 11-15	Environmental Pollution Control Techniques Exhibition—ENVITEC (01-409 0956)	Düsseldorf
Feb. 11-21	International Paris Boat Show (01-439 3964)	Paris
Feb. 17-21	Middle East Machinery, Light Industry and Plant Maintenance Show (01-454 4416)	Bahrain
Feb. 19-22	Techex 80 World Fair for Technology Exchange	Atlanta, U.S.
Feb. 25-29	World Fair of Technology Exchange—TECHEX (01-584 5749)	Cologne
Feb. 26-29	Offshore South East Asia Exhibition (01-486 1851)	Singapore

### BUSINESS AND MANAGEMENT CONFERENCES

Date	Title	Venue
Jan. 29-31	CCC: Practical Guide to Standard Form of Building Contract (01-232 6362)	Lythe Hill Hotel, Haslemere
Jan. 30-Feb. 1	AMR: Finance and Accounting for the Non-Financial Executive (01-262 3752)	London Press Centre, ECF, Holiday Inn, NW3
Feb. 7	Oyez-IBC: Children in Text (01-242 2431)	Royal Garden Hotel, W1
Feb. 7	ASM: The legal implications of engineering contracts (01-385 1992)	Royal Garden Hotel, W1
Feb. 8	Admap: Classifying People (01-379 6576)	Royal Garden Hotel, W1
Feb. 8	CCC: Absenteeism—Developing Company Policy Within the Law (01-222 6362)	Royal Garden Hotel, W1
Feb. 11-12	AMR: International: Positive Discipline (01-262 3752)	Grosvenor House Hotel, W1
Feb. 13-14	RRG: Conferences: Captive Insurance Companies—Establishment, Operation, Management (01-236 2175)	Portman Hotel, W1
Feb. 18-19	AMR: International: Energy Management in Buildings (01-262 3752)	Cumberland Hotel, W1
Feb. 18-19	ADMAP: Seminars: Calculating the effects of advertising—How useful are they to the advertiser? (01-379 6576)	Lygon Arms Hotel, W1
Feb. 19	The Economist: Joint-Ventures with the Chinese (01-839 7000)	Cafe Royal, W1
Feb. 25-29	Moroccan Ministry of Trade and Industry in co-operation with UN Industrial Development Organisation: International Industrial Investment Forum (01-584 8827)	Rabat
Feb. 26-27	FT Conference: British Business Opportunities Overseas (01-236 4382)	Grosvenor House, W1
Feb. 28-29	FT Conference: Monopolies Mergers and Restrictive Practices (01-236 4382)	Munich

## Financial Times Conferences

European Conference on Monopolies, Mergers and Restrictive Practices  
Munich—February 28 and 29, 1980  
Professor Dr. Kurt Markert, Director, Bundeskartellamt, Berlin and Mr. Gordon Borrie, Director-General, Office of Fair Trading, UK, will speak at this conference, which will examine the more significant implications of new competition policies in a number of European countries and in the EEC and put delegates constructive proposals for action to benefit the longer term development of international trade in Europe.

World Motor Industry Conference—Geneva—March 3 and 4, 1980  
Dr. Karlheinz Radermacher, Director of Development, Bayerische Motoren Werke AG will be speaking on "The Middle-sized Company—Can it Survive Alone?" and Miss Joan Claybrook, Administrator, National Highway Traffic Safety Administration, U.S. Department of Transportation will be discussing "Governments and the Motor Industry."

All enquiries should be addressed to:  
Financial Times Limited  
Conference Organisation  
Bracken House 10 Cannon Street  
London EC4A 3DF  
Tel: 01-236 4382  
Telex: 27347 FTCONF G  
Cables: FINCONF LONDON

## DKB'S ECONOMIC JOURNAL

January 1980: Vol. 9 No. 1

### Pace of Japan's business growth in 1980 will dull from more credit curbing

Anxiety about Japan's economy 1980

Three factors are likely to determine the state of Japan's economy in 1980. They are: (1) the oil situation, (2) the world economy, and (3) steps the Japanese Government may take to run the economy.

Oil: In light of the current state of the world economy, the possibility exists that the tight supply conditions may be eased in the new year.

However, the possibility also exists that there will be another price hike in 1980, considering the unstable situations of oil producing nations in the Middle East and the increasingly protectionist attitudes being taken by practically all petroleum exporting nations.

World Economy: Practically all countries in the world are being plagued by inflation, although its seriousness differs from one country to another.

Under the circumstances, every country will, in all probability, tighten the money supply and the world's tempo of economic growth will slow down considerably.

Government Policy: As seen in the budget draft being formulated for fiscal 1980 (to begin in April), the government is expected to continue its stringent fiscal policy with emphasis on the recovery of balance in the national treasury.

Therefore, the possibility that fiscal policy may stimulate the economy should be completely ruled out.

It is also expected that the government will continue to take its tight money policy at least throughout the first half of 1980, considering the current movements of prices in Japan.

In short, it is expected that the tempo of Japan's economic expansion will slow noticeably, although business conditions will not abruptly worsen in the new year.

Following are brief comments on some important aspects of the Japanese economy in 1980:

Public Expenditures: As already noted, it is not expected that government expenditures and investments will play an engine role on the economy.

Exports: Although the tempo

of growth of the world economy will slow considerably, it is expected that Japan's exports will continue to increase, due primarily to the weakened position of the yen on international currency markets and the drive for exports under the worsening domestic market conditions.

Imports: Because of stagnating domestic demand, import volumes would not show as high a rate of rise as in 1979, and receipts from abroad on the country's social account will contribute more toward growth of gross national product in real terms.

#### Private sector

Personal Consumption: Personal income will rise by about the same rate as in 1979 or only increase slightly. This is based on a belief that although the rate of the wage hike will be considerably higher than the 6 per cent of 1979, various allowances, including the traditional mid-year and year-end bonuses, will not show any substantial rise, considering current business performances.

On the other hand, consumer prices are definitely on the rise, which is detracting much from the confidence of the consumer public in the immediate future. This in turn would force the consumer public to be much more cautious about spending.

All in all, private final consumption expenditures would rise by only 2 per cent or in the neighborhood — substantially lower than in 1979.

Home Construction: Signs are now clearer that private housing investments would show a significantly lower rate of increase than in 1979, due chiefly to increases in prices of tracts and construction materials.

Plant Investments: Private

plant and equipment investments would slow down considerably in 1980, reflecting the stringent money conditions and the worsening economic environment, although some firms are eager to invest on the basis of improving debt-to-equity ratios.

Inventory Investments: Under the business and money situations aforementioned, it is easy to predict that manu-

facturers and distributors will continue to be extremely cautious about stockpiling.

All in all, the tempo of growth of domestic demand will significantly slow down as opposed to a firm tone maintained throughout 1979. On the other hand, exports are anticipated to rise at a higher rate.

If there is no major increase in oil prices in 1980, the pace of wholesale price rises will slow down toward the year's end, and there will probably be a switch in economic policy.

It should also be noted that so-called frictions might be a serious problem in Japan's trade because Japanese exports are expected to increase under the generally stagnant economic situations of the world.

#### Business performances

In the latter half of fiscal 1979 ending in March, the majority of businesses will show declines in profits but profits to be reported by them still will be at a high level.

However, business performances in fiscal 1980 would not continue to show rises as encouraging as in fiscal 1979, because of the worsening economic conditions.

Under the circumstances, the employment situation will cease to improve and it may deteriorate.

Balance of Payments: With

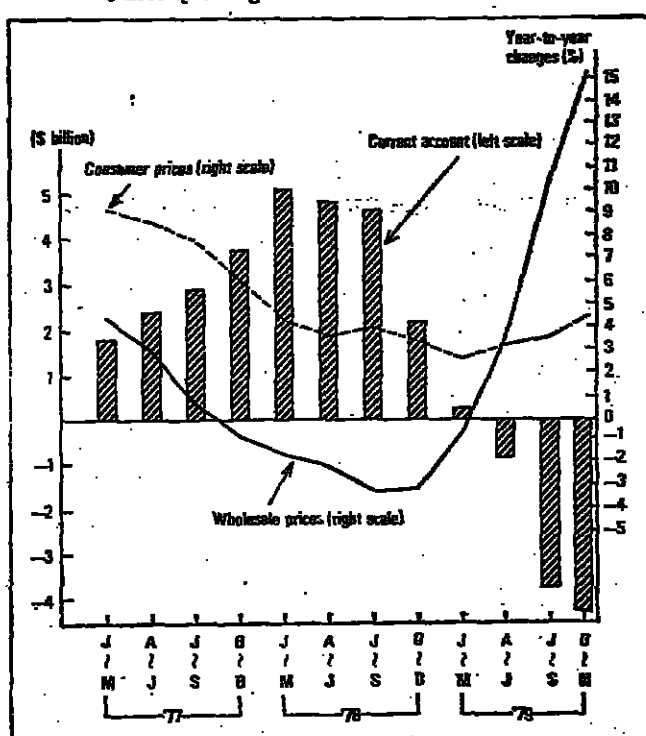
rises in exports and slow import increases, deficits on the current balance would be substantially reduced, provided that there is no major hike in crude oil prices.

Prices: Although prices largely depend upon price movements of crude oil, it is expected that some stability will be brought about with the weakened position of the yen and the balance of payments situation. In other words, the pace of wholesale price increases will slow.

However, consumer prices will show an entirely different movement from 1979, reflecting increases in wholesale prices and hikes are planned for public fares.

The possibility cannot be ruled out that increases in consumer prices will be at nearly the same rate as in-

Quarterly Changes in Current Account and Prices



Source: The Bank of Japan and the Prime Minister's Office

#### Money situation

The nation's monetary situation as a whole seems likely to tighten in the new year. As far as corporate financing is concerned, the new year's money demand is expected to calm down as a whole, as a rise in demand for funds to settle imports of higher price crude oil will be offset by an anticipated slowdown in demand for corporate investments.

Money supply to corporations is likely further to tighten in the new year because the Bank of Japan is expected to keep its tight money policy measures intact in an attempt to dampen upward commodity price trends.

The money market also is expected to continue on a tight tone, reflecting the government's enforcement of its tight money policy measures. Interest rates thus are likely to continue on a firm tone throughout the new year.

No optimism is warranted for the bond market in the new year, because a large volume of government bonds is expected

to be issued as in 1979. The government thus is requested to implement proper measures to stabilize the government bond market in 1980.

#### An overview

In short, the Japanese economy in 1980 will face difficult problems, such as increases in consumer prices and a slow rate of expansion in domestic demand.

It is expected that the government will assign top priority in its economic policy to price stabilization. Depending on price movements, it is hoped that the government will be flexible in its monetary policy looking to halt the downward trend anticipated in business conditions in the new year.

Another task the Japanese economy faces in 1980 is to set a clearer and more definite medium-term outlook for all of the 1980s. It is faced with such serious problems as reconstruction of the national treasury, resources, energy, restructuring of industry, an older society.

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DAI-ICHI KANGYO BANK

The next DKB monthly report will appear Feb. 26.

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## INSURANCE

## Protection for staff working overseas

BY OUR INSURANCE CORRESPONDENT

DESPITE THE present low level of British industrial and commercial activity, it does seem that an ever-increasing number of Britons are being sent abroad on missions of varying lengths. It is surprising to find, chatting to my acquaintances who have sent hither and thither, how little many of them know about the insurance protection that has (or has not) been arranged.

Lack of adequate staff communications may be the prime reason, but in some cases my guess is that the employers concerned have not thought through the need for proper protection for their employees and their families, or indeed for the organisation itself.

The organisation needs cover, just as it does at home, to protect itself against loss of key, or near key, staff, whether by death or disablement and, particularly abroad, against medical expenses incurred on employees' behalf. And it needs protection against the extra travel expenses it will incur if an employee has to return home and another be sent out — or both.

Moreover, it is not only the overseas employee's life and health that must be considered — unforeseen family events may occur which require an employee's early return or replacement. Indeed, it is often a matter for debate (which can only be resolved by having regard to the particular circumstances) whether the organisation is at greater risk if the employee on a long tour of duty leaves some, or all, of his family at home, or takes some, or all, with him.

The organisation can insure the various financial risks either on a group basis covering all employees, or in respect of particular individuals. Probably the best plan is to take a group policy of wide financial scope, to cover short and medium period trips, (say up to six months)

and to arrange separate insurance for each long-term traveller.

The group policy can be set up on a declaration basis, the organisation reporting monthly or quarterly on destinations and duration of trips, etc., and apart from a deposit premium, paying for cover actually enjoyed.

However wide the cover the organisation arranges for its own protection, however wide the indemnities it provides for its employees in their contracts of employment, there will be many employees who want to buy extra insurance, perhaps against the range of perils insured by the organisation, perhaps against other perils also.

With staff welfare in mind, the organisation will usually find premium is lower if group cover is arranged for employees' benefit, whether the premium is paid by the organisation or employees, though here again it is usually best to select out long-term travellers for special consideration.

However, for the employee who has to make his own individual arrangements, there are available policies such as the Norwich Union's overseas personal policy which can provide home contents cover, all risks insurance on personal valuable, disablement insurance and medical expenses for the whole family, and personal liability protection.

War risks, political risks, kidnap — all must today loom large in the minds of overseas travellers. Depending on the countries involved, it may be necessary for special cover to be obtained. For the most part the companies prefer to exclude these risks, but there are Lloyd's underwriters who specialise in providing such cover: so where it is required inquiries should be addressed to Lloyd's brokers.

## Historic gatehouse is saved

THE Madeley Court Gatehouse at Telford, one of Shropshire's leading architectural attractions, is to be preserved. Telford Development Corporation is to share with the Historic Buildings Council the cost of restoring the gatehouse, which has deteriorated to near the point of collapse.

Mr. Les Sparks, the corporation's Seven Gorge projects manager, said: "The gatehouse

is a rare architectural masterpiece probably dating from the last quarter of the 16th century. Its distinctive features are its two polygonal towers framing the arch which originally gave access to the courtyard."

The corporation hopes to see the gatehouse and main court buildings developed as a hotel and restaurant. Negotiations for private investment are in progress.

## Business in Parliament

TODAY

COMMONS—Debate on East-West relations and crisis in South West Asia.

LORDS—Police. Negotiating Board Bill report. Representation of the People Bill, third reading. Protection of Trading Interests Bill, second reading.

SELECT COMMITTEES—Home Affairs. Subject: public order. Witnesses: Home Office (4.30 pm, Room 8). Treasury and Civil Service. Subject: Efficiency in the Civil Service. Witnesses: Paul Channon, Minister for the Civil Service (4.45 pm, Room 15).

TOMORROW

COMMONS—Supply day debate on gas prices until 7 pm. Guillotine motion on Education (No. 2) Bill (Lords).

LORDS—Reserve Forces Bill, third reading. Criminal Justice (Scotland) Bill, committee.

WEDNESDAY

COMMONS—National Heritage Bill. Motion on Provision of Milk and Meals (Amend.) (No. 2). Rega. and Milk and Meals (Education) (Scotland) Regs.

LORDS—Debate on price increases for gas and electricity. Short debate on policy to abolish restrictive practices in distribution and sale of reading lenses and spectacle frames.

SELECT COMMITTEES—Foreign Affairs. Subject: FCO organisation. Witnesses: Foreign Office (10.30 am, Room 15). Industry and Trade. Witnesses: Sir William Barlow, Chairman of Post Office (10.45 am, Room 16). Public Accounts. Subject: Stocktaking procedures at MOD depots. Witnesses: Ministry of Defence (4 pm, Room 16). Energy. Subject: New nuclear power programme. Witnesses: David Howell, Energy Sec. (4.30 pm, Room 8). Social Services. Subject: Perinatal and neonatal mortality. Witnesses: Medical Research Council, Prof. K. Cross, Prof. E. Symonds (4.30 pm, Room 6).

THURSDAY

COMMONS—Debate on agriculture and pollution.

LORDS—Petroleum Revenue Tax Bill (Money), third reading. Motion on European Communities (Definition of Treaties) Order. Short debate on metrication.

SELECT COMMITTEES—Agriculture. Subject: Implications of Common Agricultural Policy for milk and dairy products (11 am, Room 16).

FRIDAY

COMMONS—Private members' motions.

## APPOINTMENTS

## Changes at Alexander Howden

Mr. R. W. Gardner, Mr. R. J. Goward, Mr. R. W. Larkin and Mr. J. W. Leach have been appointed managing directors of ALEXANDER HOWDEN Insurance brokers. Mr. R. A. Iles has been elected a deputy chairman from February 1. Mr. S. A. Cook and Mr. P. E. J. Taiton have been appointed directors.

M. Charles de Crouzet is to be appointed secretary-general of the CREDIT COMMERCIAL DE FRANCE. An inspecteur des finances, he has been on the staff of several cabinet ministers, including former finance minister M. Jean-Pierre Fourcade and minister of industry M. Andre Girard. He is the grandson of the late Mr. William Woodward, former chairman of the Hanover Bank.

Mr. Jack Lynch, former Taoiseach of the Republic of Ireland, has been elected to the Board of JEFFERSON SMURFIT GROUP.

Mr. E. E. Smith and Mr. T. G. Harle have been appointed directors of J. AND A. SCRIMGEOUR, corporate members of the Stock Exchange.

Mr. Alan Humphries has been appointed sales director of HAYNES FORD AND ELLIOTT following the retirement of Mr. Tom Forde.

Mr. Roger W. Brittain has become a director of TOUCHE, REINMANT AND COMPANY.

Mr. Daniel Cohen has been appointed financial director and chairman of SACCONI AND SPEED.

Mr. Neil D. Chrisman, a senior vice-president of MORGAN

GUARANTY TRUST COMPANY, has been made area manager responsible for banking activities in the British Isles and Scandinavia.

MERCANTILE HOUSE HOLDINGS has made the following appointments from February: Mr. E. C. Bailes, who is based in New York, and Mr. S. Muller become directors and Mr. C. J. K. Kelson, Mr. M. Pearce and Mr. R. E. Smith assistant directors of M. W. Marshall and Co. Mr. F. J. Houghton will be a director of Marshalls (Ireland).

Mr. D. G. Bell has been appointed an assistant director of BELLEW, PARRY AND RAVEN.

UKF FERTILISERS has made the following appointments: Mr. Hugh Le Boulle, personnel director, Mr. John Coleman finance director, Mr. James Cooper marketing director and Mr. Robert Taylor sales director.

Mr. T. J. T. Duncan is to succeed Mr. A. H. Moore as managing director of the ANGLO SWEDISH GROUP on March 31. Mr. D. Westbrook has been appointed financial director.

GOW WILSON has appointed Lord Garraugh as chairman, Sir L. A. Brighton as chief executive and managing director and Mr. D. A. Barley, J. V. Fontannaz and Mr. T. Henderson as additional directors. Mr. H. D. Arritt will continue on the Board as a director.

As part of a reorganisation within the manufacturing division of the B. ELLIOTT GROUP,

Mr. R. C. Stevens has been appointed general sales director of Newall Group Sales. He retains his position as sales and marketing director of Elliott Machine Tools.

Mr. I. S. Richards has been appointed a director of A. R. E. CHAMBERS UNDERWRITING AGENCY.

Mr. L. D. Glen has been appointed to the Board of RUBBER AND ALLIED PRODUCTS, a wholly-owned subsidiary of Weeks Associates.

BACO CONTRACTS, part of the fabricated products division of the British Aluminium Group, has made the following appointments: Mr. A. J. West, managing director, Mr. D. L. Rose, sales and marketing director, and Mr. E. H. J. FitzHerbert, contracts director.

Mr. Rowland Walter Rowland, Sir Hugh Fraser, Mr. Terry John Robinson and Mr. James Gossman (alternate to R. W. Rowland) have been appointed directors of the DUTTON FORSHAW GROUP.

Mr. D. S. Hay, an agricultural division deputy chairman, has been appointed ICI's general manager, commercial, from March 1. He succeeds Mr. R. C. Hampel, who has become chairman of paints division. Mr. D. W. Gamble, overseas marketing manager, Nobel's Explosives Company, has been appointed a director of that company from February 1.

Mr. Peter J. Duff has been appointed to the Board of CARAVANS INTERNATIONAL as a non-executive director.

## Secretary of John Brown

Mr. C. G. Roper has been appointed secretary of JOHN BROWN AND COMPANY.

Mr. Edward F. Maynard has joined the MANSON BYNG GROUP, Lloyds and international reinsurance brokers, as a director.

Mr. Ken Jamieson has been appointed managing director of EUROCOM DATA, the UK subsidiary of Eurocom Data (Holdings), which is the European COM (Computer Output to Microfilm) service company owned by National Westminster Bank. Eurocom also has operations in Germany, Sweden, Denmark and Finland.

At REVERTEX CHEMICALS Mr. Allister McLeish has been appointed finance director in succession to Mr. Alan Marsh, who is leaving to take another appointment.

Mr. J. A. Howard has retired as chief executive of HOWARD MACHINERY on medical grounds. He will continue as a member of the Board and as deputy chairman. The chairman of Howard Machinery, Mr. P. Coleclough will become chairman of the executive committee.

Mr. George Martin, the present company secretary of PLEASURAMA, has been appointed a director and will become chief executive of the group.

Mr. Ian C. E. Telfer has been appointed secretary of ALEXANDER, HUGHES & ASSOCIATES (UK).

## legrand

In September 1979, Compagnie Générale d'Electricité granted Legrand an option to purchase 80% of the capital of Arnould-F.A.E., a subsidiary specialised in the electrical installations equipment.

This option has been taken up, and Legrand now controls 80% of Arnould-F.A.E.; the remaining 20% has been retained by C.G.E. The provisional consolidated turnover of Legrand and of the French and foreign subsidiaries controlled in 1979—i.e., not including Arnould-F.A.E.—reached approximately Frs. 1,480m, showing an increase of more than 22%, corresponding to the forecast announced during the second half of the year.

## Portfolio Management

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## CONTRACTS AND TENDERS

THE STATE OF PARANA  
STATE FINANCE DEPARTMENT

COMPANHIA PARANAENSE DE ENERGIA ELETRICA—COPEL  
COMPANHIA AUXILIAR DE EMPRESAS ELETRICAS BRASILEIRAS—CAEB

Invitation to Suppliers of Electric and Electronic Materials and Equipment

SECOND DISTRIBUTION PROJECT OF COPEL  
LOAN No. 1721—BR

I—COMPANHIA PARANAENSE DE ENERGIA ELETRICA—COPEL, established in the State of Parana, Brazil, has obtained a loan from World Bank (IBRD), in various currencies equivalent to US\$ 109,000,000.00 (one hundred and nine million US dollars), and proposes to apply these loan funds to the financing of a part of the expansion plan of its sub-transmission and distribution system comprising the period from 1980 to 1983.

II—COPEL will utilize the services of COMPANHIA AUXILIAR DE EMPRESAS ELETRICAS BRASILEIRAS—CAEB, in the procurement of related materials and equipment.

III—During the next twelve (12) months COPEL will issue invitations for international bidding for the supply of equipment, materials and services which are grouped in the following BIDS:

BID No.	DESCRIPTION	APPROX. QUANTITY
1	Aluminium Conductors ACS	4,200 tons
	Aluminium Conductors ACSK	3,100 tons
	Insulated Aluminium Conductors	6,500 km
	Insulated Copper Cable	70 km
	Bare Copper Cables	110 tons
	Galvanized Steel Cables	320 tons
2	Single-phase, Polyphase and Demand Meters	415,000 units
3	Power and Grounding Transformers at 230 KV, 138 KV, 69 KV	2,120 MVA
4	Distribution Transformers at 34.5 KV/220/127 V and at 13.8 KV/220/127 V	410 MVA
5	Protection Equipment: —Circuit Breakers —Sectionalizer Switches —Potential Transformers —Current Transformers —Discharge Counters	140 units 3,500 units 210 units 910 units 220 units
6	Control Equipment: —Reclosers, Voltage Regulators and Capacitors	3,200 units
7	Relays	various
8	Lightning Arresters	33,000 units
9	Fuse and Sectionalizers Switches	42,000 units
10	Transformers for Metering Sets and Instruments	30,200 units
11	Insulators	91,000 units
12	Equipment for Maintenance of Energized Lines	various
13	Oil Purifying Sets	2 sets
14	Equipment for metering, Physicochemical and Electrochemical Laboratories	various

IV—These invitations will be complemented by notifying the diplomatic representatives in Brazil of the World Bank member countries and of Switzerland, at the time the corresponding bidding documents for each bidding are ready.

V—Meanwhile, the suppliers and manufacturers who wish to be included in the suppliers list to receive the invitations above mentioned, must express in which bid or group of bids they are interested to participate, by writing to the following addresses:

COMPANHIA PARANAENSE DE ENERGIA ELETRICA—COPEL  
At: Superintendencia de Suprimentos  
BR-116, km 396 - Trevo do Azeite  
Caixa Postal 318  
80000 - CURITIBA - PARANA - BRASIL  
or to:  
COMPANHIA AUXILIAR DE EMPRESAS ELETRICAS BRASILEIRAS—CAEB  
At: Coordenador de Compras  
Av. Rio Branco, 135 13° andar  
Caixa Postal 983  
22-000 RIO DE JANEIRO - CEP 20000 - BRASIL

These letters will be received up to and including two months from the date of this advertisement, and all the letters will be included in the Bid mailing list.

The Council of the City of Sydney

Queen Victoria Building

SYDNEY AUSTRALIA

RESTORATION & LEASING

The Council of the City of Sydney invites bids for the Restoration and Leasing of one of Sydney's most famous landmarks, the Queen Victoria Building occupying an entire city block of 0.53 hectares. The building (listed in the Register of the National Trust of Australia, is owned by the Council of the City of Sydney and at present houses a number of short term leases. The location is central, most valuable and outstanding site, being next to Sydney Town Hall with Sydney Square and St. Andrew's Cathedral adjacent and close to Sydney's major retail shopping area. Underground railway and bus transport are within a few steps of this building. Built in 1888, it is regarded as one of Sydney's most important historic buildings, and redevelopment plans must retain the basic facade, design and image that is the Queen Victoria Building in one of Australia's best known and loved buildings. Sydney is a city in which office and retail space is now in short supply; the Queen Victoria Building affords an excellent investment opportunity for an entrepreneurial organisation that may wish to develop accommodation for:

Retail  
Commercial  
Hotel  
Community and Cultural activities or a combination of these.

Lease: a sixty (60) year lease will be offered by the City of Sydney in return for restoration at the lessee's expense.

Brief: the parameters and requirements of Council are outlined in documents available from the City Engineer's Department, Level 2, Town Hall House, Sydney, 2000 New South Wales, Australia. The deposit on these documents is \$A100.00.

Bids: are invited from entrepreneurs, financiers and developers, a further deposit of \$A400.00 shall be submitted with the bid.

Closing Time: bids must be lodged by 3.00 p.m., Tuesday, 11th March, 1980, within the Tender Box located in the vestibule, Level 2, Town Hall House, Sydney.

Enquiries: may be directed by Telex: THALL AA 21904 or by telephoning Internationally 01 2 20263 and ask for extension 8077.

L. P. CARTER,  
Town Clerk.

CONTRACTS AND TENDERS  
ADVERTISING

Appears every Monday

Rate £19.50

per Single Column Centimetre

NIGERIAN PORTS AUTHORITY  
TENDER FOR THE PURCHASE  
OF M/V. "OLATEJU"

1. Tenders are invited from interested individuals and organisations for the purchase of the vessel M/V "Olateju".

2. The following are the particulars of the vessel:—

(i) Motor vessel:	"Olateju"
	ex Davies
	ex Dayaka Dna
	ex Miura Maru
(ii) Year built:	1965
(iii) Length:	100.89 metres
(iv) Breadth:	15.32 metres
(v) Depth:	7.80 metres
(vi) Draft:	6.351 metres
(vii) Gross Tonnage:	3,197
(viii) Net:	1,985
(ix) Deadweight:	5,187
(x) Grain Capacity:	6822m <sup>3</sup>
(xi) Bale Capacity:	6618m <sup>3</sup>
(xii) Engine:	Sulzer/1H1
(xiii) Horse Power:	2,640
(xiv) Speed:	12 knots
(xv) Holds:	3 (three)
(xvi) Derricks:	2 x 15 tons 6 x 10 tons
(xvii) Classification:	Nippon Kaiji Kyokai

3. The above particulars are given in good faith, but no responsibility can be accepted by the Authority for their accuracy. Purchasers are warned to make their own enquiries, and if necessary carry out physical inspection of the vessel which is moored at Marina Buoy Lagos Port.

4. Tenders which should be submitted in a wax sealed envelope marked "Confidential Tender for the purchase of M/V Olateju" and addressed to:—

The Secretary,  
Nigerian Ports Authority,  
P.M.B. 12588,  
26/28 Marina, Lagos.

should be deposited in the Tender Box on the 6th Floor of the Nigerian Ports Authority Headquarters Building, 26/28 Marina, Lagos, or delivered to the Authority's London Representative at the following address:—

Nigerian Ports Authority,  
Mansfield House,  
876/379 Strand,  
London, W.C.2.

5. All tenders must be submitted not later than 15th February, 1980.

6. Prospective tenderers are warned that the vessel will be sold "As Is, Where Is" and the Authority does not accept any liability for the condition of the said vessel.

7. The Nigerian Ports Authority is not bound to accept the lowest or any tender.

8. Successful tenderer must be prepared to remove the vessel from its present location immediately on being advised of the acceptance of his/its tender and after payment of the tender sum, but definitely not later than thirty days thereafter.

J. E. KALU  
Secretary to the Authority.

N.P.A. NOTICE No. 3219  
Dated 3rd January, 1980.







# AUTHORISED UNIT TRUSTS

[illegible][illegible]

## OFFSHORE & OVERSEAS FUNDS

Continued on previous page







Accident	21	Rank Ins.	17	Tricentral
Electric	30	Steel Indst.	17	Ultramar
Insurance	30	Sears	25	
and Mel.	12	Tesco	25	Wines
U.S. N.	30	Thorn	17	
Gardian	23	Trust Invest.	17	Charter Cons.
N.	23	Tube Home	20	Cons. Gold
Printer Sild	16	Unilever	17	Lampro
Use of Fraser	12	U.D.T.	4	Rio T. Zinc

May	Anglo-Am. Inv. 50c	547	18 9/16	0750c	1 1/2
Oct.	De Beers Df. 5c	460	22 1/8	065c	3 0/8
Aug.	Do. 40c Pf. R5.	850	28 1/2	0200c	49 1/2
Apr.	Impala Plat. 20c	280	28 5/8	034c	3 6/8
May	Lydenburg 12c	188 1/2	22 7/8	016c	4
May	Rus. Plat. 10c	270	24 1/8	025c	3 1/4

Aug.	Hambro Trust	51	13.0	2.25	3.1	6.3	7.3
	Hampson Tr. 50	16	—	—	3.1	—	2.3
June	Haw P. S. \$1	40	24.6	—	—	—	—
Mar.	Int. Inv. Tr. \$1	340	10.9	104.0	2.2	1.2	43.2
Oct.	Investment Co.	23	13.6	61.5	2.1	9.3	6.7
Sept.	Kahala 155	85	28.9	100.0	0.7	7.6	20.0
April	111 Kellogg 10p	78	26.2	10.5	3.4	0.9	41.1
April	110n. Can. 10p	78	26.2	10.5	3.4	0.9	41.1
	100n. Taylor 10p	143	13.0	10.0	0.9	10.5	—
November	Kwahu 10p	22	18.9	1.84	0.9	13.1	11.6

June	Atlas Electric	622	22.39	2.25	1.0	51.26
October	Bank. & Int. (50p)	97	24.19	3.35	1.6	42.80
Nov.	Bankers' (50p)	53	4.11	2.87	1.0	7.1283
Nov.	Berry Trust	78	1.41	1.25	1.3	23.57
December	Bolton-Parker Firm.	5	12.74	—	—	—
June	Edisonphone Trs.	185	5.12	106.95	1.0	54.261
Dec.	Edison & S. (10p)	58	5.17	42.2	1.1	54.243
—	Gen'l. S. C. A. & N.	US\$8	—	0744.48	—	—
July	Brazil Int. Crd.	\$69	15.12	355.21	1.0	7.6131
July	Bremen Trs.	32	10.12	2.0	1.0	8.916.0

Uct.	City and Dist.	116	24.9	11.17	2.8	1.4	(22)
May	City & Dist.	122	24.7	3.25	3.8	3.8	6.3
Sept.	Danvers (Hides)	172	24.9	11.13	3.3	9.9	(5.5)
Feb.	Danvers 10p.	82	5.71	13.45	1.4	6.0	15.0
Dec.	Dorrrington 10p.	92	8.07	N1.0	2.1	1.4	86.3
July	Ests. & Agency	31	16.16	11.2	1.9	1.5	13.7
James	Ests. & Const.	132	8.20	F6.0	1.3	6.5	21.7
Nov.	Ests. & Prop. Inc.	112	10.12	102.5	2.3	3.2	19.9
Aug.	Evans Leeds	200	5.11	7.91	5.7	1.6	3.5
Dec.	Fairview Ests. 10p.	21	2.7	1.2	2.0	8.2	7.9
Sept.	Fausse & Ind. 50p.	222	10.12	5.6	1.5	3.2	44.9

Sept.	Britannic 5p	168	28.8	10.14	8.1	
S.D.	Combined Am. 51	855.4	147	581.4	7.4	
	Cons. Union	145	8.19	8.54	8.4	
	Engle Star	168	19.71	16.84	5.8	
Dec.	Edin Gen. Int. 10p	33				
	Emis UK 9% Can	1,127	13.11	9.9%	17.2	
	Equity & Law 5p	194	28.12	7.75	5.1	
ne	Gen. Accidents	236	19.13	12.02	7.3	
	G.P.F.E.	250	5.71	11.16	6.6	
Dec.	Hambro Life 5p	192	22.10	14.76	5.2	
	Heath (C.F.) 20p	216	21.5	15.42	4.7	73
Nov.	Hean Robinson	182	38.7	34.95	3.7	
					25	8.2

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N.	23	Tube Home	20	Cons. Gold
Printer Sild	16	Unilever	17	Lampro
Use of Fraser	12	U.D.T.	4	Rio T. Zinc



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FLUID TRANSFER, CONTROL AND  
FILTRATION • LUBRICATION SYSTEMS •  
GARAGE EQUIPMENT •  
COMBUSTION ENGINEERING

# FINANCIAL TIMES

Monday January 28 1980



## Saudis lead anti-Soviet protest

BY RICHARD JOHNS, IN ISLAMABAD

SAUDI ARABIA is understood to have proposed an embargo on exports of oil and petrochemicals by members of the Islamic Conference to the Soviet Union and those supporting its military action in Afghanistan.

Although the proposal has not been accepted, it is symptomatic of the hard line being taken in private by Prince Saud al Faisal, the Saudi Foreign Minister. The plan would include a one-month grace period for withdrawal of the Soviet troops and the suspension of Afghanistan from the Islamic Conference.

Saudi Arabia is also believed to be in favour of giving support to the Afghan guerrillas resisting the Soviet invasion. The six leading guerrilla groups yesterday announced their agreement to join forces and asked the Moslem foreign ministers meeting in Islamabad to grant them observer status at the conference.

News of the formation of the Islamic Alliance for the Liberation of Afghanistan could embarrass Pakistan, which does not want to be seen giving military assistance to the guerrillas.

A four-man delegation from the Palestine Liberation Organisation arrived here yesterday. Syria and South Yemen are absent. Egypt, whose membership was suspended last May because of its peace treaty with Israel, was not represented.

News of the guerrillas' agreement was given at a Press conference presided over by Mr. Salem Azam, secretary-general of the Islamic Council for Europe, who is understood to have been working to unite opposition to Marxist regimes in Afghanistan since President Daoud was overthrown in 1978.

The long-term aim is to establish an Islamic republic. The united movement is to be led by Professor Burhanuddin Rabbani, leader of the Jamiat Al-Islami group and formerly head of the faculty of Shariah law, or theology, at Kabul University.

Professor Rabbani said: "The situation in Afghanistan is such that all of the nation is committed to fight Soviet imperialism and to kick out the Russians as soon as possible." He added that the alliance was looking for aid from "peace-loving" states of the West, as well as Islamic countries.

In his address at the opening ceremony, President Zia ul Haq of Pakistan made no reference to Moslem resistance in Afghanistan. By contrast, he called upon member countries to "consider ways and means for the collective defence of the Islamic Umma (community)

rather than defence of individual countries."

Pakistan has taken great care to avoid giving the impression that it is taking sides in a superpower conflict. The text of President Zia's speech made only two references to the Soviet Union (and none to the U.S.), compared with seven in the spoken version.

Mr. Agha Shahi, his adviser on foreign affairs and de facto Minister, took special care to emphasise the "non-aligned" nature of the protest against the Soviet intervention.

"We emphasise that our attitude to the Soviet intervention in Afghanistan emanates from our objection to seeing the charter of our organisation and of international organisations being violated."

West German Opposition urges Olympic boycott, Page 2

Editorial Comment, Page 12

Mr. Ian Paisley, the main Unionist at the conference, agreed to take part only because he believes the subjects of power-sharing with the Roman Catholic minority and the question of Irish unity are outside the terms of reference of the talks.

Mr. Atkins seems to concur with his view, feeling that the conference should be limited to questions of political devolution for the province. Mr. John Hume, SDLP leader, and the main Roman Catholic representative, feels that discussion of these wider issues is vital to his position.

Mr. Atkins wants to have off discussion of the Irish dimension to a second set of talks to be held early in February.

Meanwhile, the equally vexed problem of power-sharing could bring the first conference to a premature halt in the next two or three days. Mr. Paisley has insisted he will never accept power-sharing as it existed in the short-lived executive of 1974.

By this, he means he would not accept members of the SDLP, for example, as members of a government or cabinet for Northern Ireland. He has conceded that SDLP representatives could sit in a legislature.

Continued from Page 1

Protectionist

have made heavy inroads into the British polyester and Italian acrylics markets since mid-1979, thanks to the administration's price controls on oil and gas. These are claimed to give the U.S. petrochemicals industry a price advantage over European competitors of 10-30 per cent and are due to last until September 1981.

In recent weeks there have been complaints that the two-tier energy price is now giving American producers of nitrogenous liquid fertiliser a disruptive cost advantage in international markets.

Weather

UK TODAY

Mostly dry, but rain will spread slowly from the west.

London, East Anglia, S.E. E. N.E. England

Early mist and fog patches. Dry, hazy sunshine later. Max 5C (41F).

Cent. S. Cent. N. England. Midlands

Cloudy, rain later. Max 7C (45F).

S.W. England, Wales, Channel Is. N. Ireland

Rain at times, some sleet on high ground. Max 9C (48F).

N.W. England, Lakes, Isle of Man, S.W. Scotland, Argyll

Rain spreading from west, sleet or snow on high ground. Max 8C (46F).

N.W. Scotland, Central Highlands

Cloudy, rain with sleet or snow on high ground later. Max 7C (45F).

Outlook: Some rain, sleet in places.

Y'day

midday

Y'day

midday

Aljaccio S 15 57 London F 12 37

Algiers F 15 58 Luxembourg F 12 36

Amman F 15 41 Lucan F 12 34

Ankara F 17 53 Madrid F 12 35

Bahrain S 18 64 Majorca F 14 57

Batavia F 13 55 Malaga F 18 64

Bombay F 3 37 Malta F 18 64

Bombay S 1 34 M. Chisr F 1 30

Bombay S 1 34 M. Chisr F 1 30

## Danger of Ulster conference collapse

BY STEWART DALBY

MR. HUMPHREY ATKINS, Northern Ireland Secretary, faces the delicate task of avoiding the collapse of the Government's three-week-old constitutional conference on Ulster when it resumes today.

The contentious subject of power sharing will probably come up for discussion by three of the four main political parties participating.

Mr. Ian Paisley, the main Unionist at the conference, agreed to take part only because he believes the subjects of power-sharing with the Roman Catholic minority and the question of Irish unity are outside the terms of reference of the talks.

Mr. Atkins seems to concur with his view, feeling that the conference should be limited to questions of political devolution for the province. Mr. John Hume, SDLP leader, and the main Roman Catholic representative, feels that discussion of these wider issues is vital to his position.

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Bombay F 3 37 Malta F 18 64

## Midland prepares to try again

Last week saw what may have been the final stage of Midland Bank's determined clearing of the decks before it launches itself in pursuit of the major U.S. acquisition that has so far proved elusive. The £21m raised on Friday through the sale of the residual 101 per cent stake in Sedgwick Forbes Bland Payne is a useful addition to the £65m realised through the two-stage disposal of the holding in Standard Chartered Banking Group. It leaves Midland sitting on a lot of free capital. The original sale of Sedgwick Forbes shares at the time of the merger brought in £80m, and it has never put the £100m raised through the 1978 rights issue into fixed assets.

By the time of its abortive bid for Walter E. Heller last year Midland had already got its balance sheet into the sort of shape that could accommodate a substantial acquisition. The free equity ratio, well under 2 per cent at the 1977 balance sheet date, was up to 3 per cent by the end of 1978, and is probably a good half point higher now. On top of this, the issue of yet another slice of subordinated dollar debt—a \$125m floating rate note issue in December—will have helped improve the overall free capital ratio, which takes in both equity and subordinated loan capital. The mooted price for Heller was \$820m. Midland should be in a position to pay even more than this if the right company comes along.

At the moment Midland is insisting that it does not have a purchase lined up but that as it expects to buy something later in the year it makes sense to take advantage of the firmer conditions in the equity market to sell its trade investments off and earn high interest on the cash.

It would be reassuring to be able to believe that Midland does have its eyes on a particular purchase, and is doing its homework rather more thoroughly than it had apparently done when it approached Heller. This time Midland's shareholders, who have never been told exactly what went wrong in the Heller negotiations, may be expected to look very critically at the vehicle that is to carry them into the New World.

National savings

No wonder the building societies are talking about the need to keep their interest rates at more competitive levels. After poor net receipts in

November and December, when their ordinary share rates were uncompetitive with bank deposit rates, and the increase in the permitted holding of index-linked retirement savings bonds led to some withdrawals, they are now gritting their teeth to face the new-19th issue of National Savings certificates.

These are being offered to the public from February 4, to yield 10.33 per cent free of all tax if held for a full five years. This return almost matches the Building Societies' current share rate for a basic-rate taxpayer, a level of income which can be expected to fall if interest rates in general come down. For a high-rate taxpayer, the certificates look splendid value, as "risk-free" investments. The inflation risk, of course, remains ever-present.

The 18th issue, now suspended—thereafter it could be brought back quickly if the 19th were withdrawn—sold £400m in its first three months. This was a successful issue, but not a spectacular one: the 18th issue brought in £900m in just over three months before being withdrawn. Some of this money came out of other national savings institutions, but the bulk of it represented new funding. It is by no means impossible that the 19th issue could bring in £500m of new money in the remaining two months of the financial year, particularly as it is to be prominently advertised.

When the 19th issue was announced, in November, the authorities were faced with an urgent need to find in order to bring the money supply under control. A generous offer of savings certificates is the perfect medium for selling debt to the non-bank private sector, the ultimate in monetary virtue. But the circumstances have now changed. Several top stocks have run out since then, and unless foreign buyers have taken improbably large slices of them, the concern at the

moment is over excessive rather than inadequate funding. The Bank of England has enough problems in the money market at present without an enormous National Savings intake—unless the idea is to aim for the bottom of the target range for money supply growth and execute an unprecedented squeeze.

Oil profits

With the U.S. oil company reporting season in full swing, and with the European majors preparing their bumper figures, the oil industry's financial public relations executives are having a busy time. Last week Mobil and Exxon—both beneficiaries through Aramco of Saudi Arabia's cheap oil policies—announced final-quarter earnings gains of 72 and 66 per cent respectively. Exxon decided to hold a Press conference to explain and justify its higher returns. Earlier this month Mr. Dirk de Bruyne, president of Royal Dutch, took the trouble to deliver a speech in Rotterdam. The Shell group, he declared, was ready to make the profits of today work to supply the vital energy needs of tomorrow.

The theme is that oil companies must be allowed high returns in order to finance increasingly expensive exploration plans or high cost projects such as for the exploitation of tar sands. In principle this is fair enough, but there are two points to watch out for. One is that the increased requirement for investment at the upstream end of the industry has been at least partly offset by reduced requirements at the downstream end, where lower volumes have meant that existing capacity is more than adequate. Although few oil companies disclose downstream returns, it looks as though they have recently been quite high. The second point is that in the U.S., at any rate, oil company diversification has been a fashion. It is hard to argue that high returns are needed in order to finance purchases of electric motor companies, stores, chains, or British Sunday newspapers.

Continued from Page 1

Protectionist

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In recent weeks there have been complaints that the two-tier energy price is now giving American producers of nitrogenous liquid fertiliser a disruptive cost advantage in international markets.

Weather

UK TODAY

Mostly dry, but rain will spread slowly from the west.

London, East Anglia, S.E. E. N.E. England

Early mist and fog patches. Dry, hazy sunshine later. Max 5C (41F).

Cent. S. Cent. N. England. Midlands

Cloudy, rain later. Max 7C (45F).

S.W. England, Wales, Channel Is. N. Ireland

Rain at times, some sleet on high ground. Max 9C (48F).

N.W. England, Lakes, Isle of Man, S.W. Scotland, Argyll

Rain spreading from west, sleet or snow on high ground. Max 8C (46F).

N.W. Scotland, Central Highlands

Cloudy, rain with sleet or snow on high ground later. Max 7C (45F).

Outlook: Some rain, sleet in places.

Y'day

midday

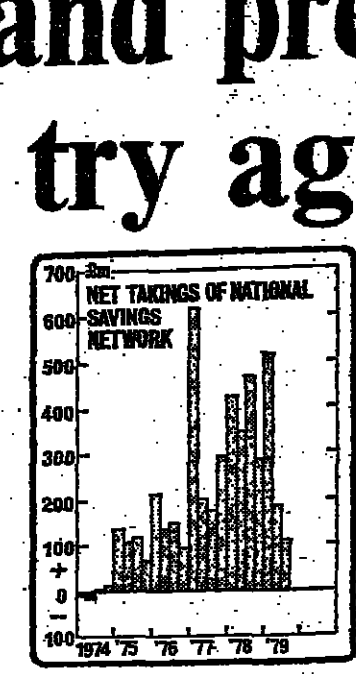
Y'day

midday

Aljaccio S 15 57 London F 12 37

## THE LEX COLUMN

## Midland prepares to try again



November and December, when their ordinary share rates were uncompetitive with bank deposit rates, and the increase in the permitted holding of index-linked retirement savings bonds led to some withdrawals, they are now gritting their teeth to face the new-19th issue of National Savings certificates.

These are being offered to the public from February 4, to yield 10.33 per cent free of all tax if held for a full five years. This return almost matches the Building Societies' current share rate for a basic-rate taxpayer, a level of income which can be expected to fall if interest rates in general come down. For a high-rate taxpayer, the certificates look splendid value, as "risk-free" investments. The inflation risk, of course, remains ever-present.

The 18th issue, now suspended—thereafter it could be brought back quickly if the 19th were withdrawn—sold £400m in its first three months. This was a successful issue, but not a spectacular one: the 18th issue brought in £900m in just over three months before being withdrawn. Some of this money came out of other national savings institutions, but the bulk of it represented new funding. It is by no means impossible that the 19th issue could bring in £500m of new money in the remaining two months of the financial year, particularly as it is to be prominently advertised.

When the 19th issue was announced, in November, the authorities were faced with an urgent need to find in order to bring the money supply under control. A generous offer of savings certificates is the perfect medium for selling debt to the non-bank private sector, the ultimate in monetary virtue. But the circumstances have now changed. Several top stocks have run out since then, and unless foreign buyers have taken improbably large slices of them, the concern at the

moment is over excessive rather than inadequate funding. The Bank of England has enough problems in the money market at present without an enormous National Savings intake—unless the idea is to aim for the bottom of the target range for money supply growth and execute an unprecedented squeeze.

Oil profits

With the U.S. oil company reporting season in full swing, and with the European majors preparing their bumper figures, the oil industry's financial public relations executives are having a busy time. Last week Mobil and Exxon—both beneficiaries through Aramco of Saudi Arabia's cheap oil policies—announced final-quarter earnings gains of 72 and 66 per cent respectively. Exxon decided to hold a Press conference to explain and justify its higher returns. Earlier this month Mr. Dirk de Bruyne, president of Royal Dutch, took the trouble to deliver a speech in Rotterdam. The Shell group, he declared, was ready to make the profits of today work to supply the vital energy needs of tomorrow.

The theme is that oil companies must be allowed high returns in order to finance increasingly expensive exploration plans or high cost projects such as for the exploitation of tar sands. In principle this is fair enough, but there are two points to watch out for. One is that the increased requirement for investment at the upstream end of the industry has been at least partly offset by reduced requirements at the downstream end, where lower volumes have meant that existing capacity is more than adequate. Although few oil companies disclose downstream returns, it looks as though they have recently been quite high. The second point is that in the U.S., at any rate, oil company diversification has been a fashion. It is hard to argue that high returns are needed in order to finance purchases of electric motor companies, stores, chains, or British Sunday newspapers.

Continued from Page 1

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Aljaccio S 15 57 London F 12 37

Algiers F 15 58 Luxembourg F 12 36

Amman F 15 41 Lucan F 12 34

Ankara F 17 53 Madrid F 12 35

## THE LEX COLUMN

## Midland prepares to try again

Last week saw what may have been the final stage of Midland Bank's determined clearing of the decks before it launches itself in pursuit of the major U.S. acquisition that has so far proved elusive. The £21m raised on Friday through the sale of the residual 101 per cent stake in Sedgwick Forbes Bland Payne is a useful addition to the £65m realised through the two-stage disposal of the holding in Standard Chartered Banking Group. It leaves Midland sitting on a lot of free capital. The original sale of Sedgwick Forbes shares at the time of the merger brought in £80m, and it has never put the £100m raised through the 1978 rights issue into fixed assets.

By the time of its abortive bid for Walter E. Heller last year Midland had already got its balance sheet into the sort of shape that could accommodate a substantial acquisition. The free equity ratio, well under 2 per cent at the 1977 balance sheet date, was up to 3 per cent by the end of 1978, and is probably a good half point higher now. On top of this, the issue of yet another slice of subordinated dollar debt—a \$125m floating rate note issue in December—will have helped improve the overall free capital ratio, which takes in both equity and subordinated loan capital. The mooted price for Heller was \$820m. Midland should be in a position to pay even more than this if the right company comes along.

At the moment Midland is insisting that it does not have a purchase lined up but that as it expects to buy something later in the year it makes sense to take advantage of the firmer conditions in the equity market to sell its trade investments off and earn high interest on the cash.

It would be reassuring to be able to believe that Midland does have its eyes on a particular purchase, and is doing its homework rather more thoroughly than it had apparently done when it approached Heller. This time Midland's shareholders, who have never been told exactly what went wrong in the Heller negotiations, may be expected to look very critically at the vehicle that is to carry them into the New World.

National savings

No wonder the building societies are talking about the need to keep their interest rates at more competitive levels. After poor net receipts in

November and December, when their ordinary share rates were uncompetitive with bank deposit rates, and the increase in the permitted holding of index-linked retirement savings bonds led to some withdrawals, they are now gritting their teeth to face the new-19th issue of National Savings certificates.

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